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Selecting an Investment Trust

The Business Outlook

Opportunities in Movie Mergers

Vol. 44 No. 11

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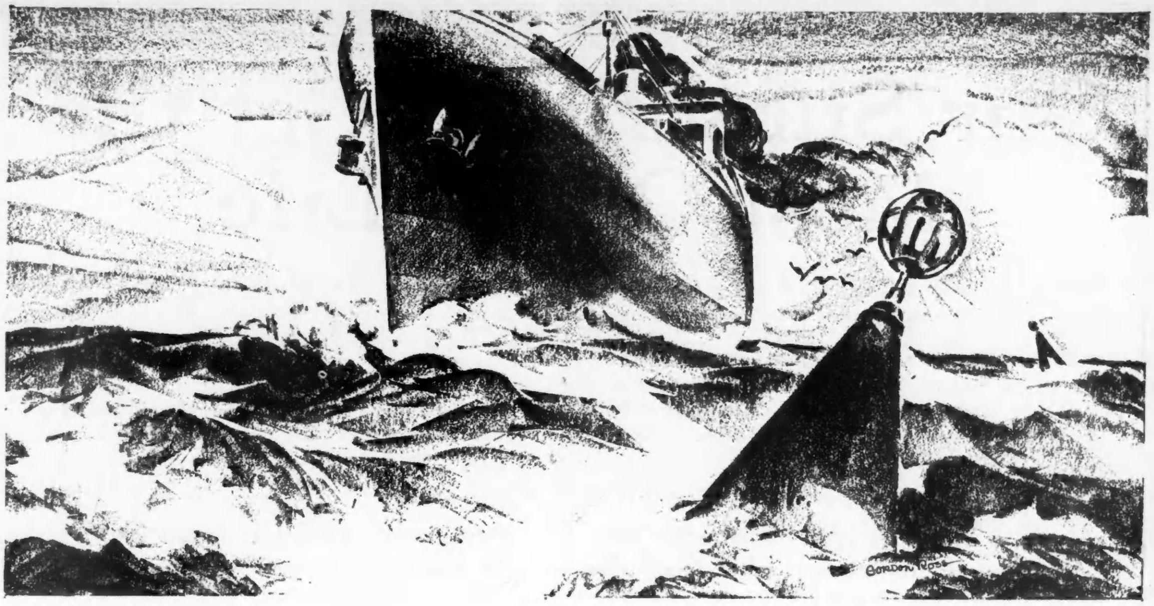


WITH THE EDITORS

Leading the Public Astray

THOSE upon whom the public relies for leadership have more to consider in their statements than the airing of personal views. They are vested with a far greater responsibility. In the long run the calamity howlers work the real hardship upon those whom they ostensibly seek to protect; for anything which undermines general confidence reacts with the greatest severity upon those who can least withstand it—the public itself.

Business activity declines with an automatic contraction in both wholesale and retail buying when any substantial proportion of the people are apprehensive over coming events; and by the same token the pace of trade and industry quickens with public confidence. Similarly in the security markets: Prices rise when investors are optimistic and decline on pessimism or fear. It is a delicate mechanism, this public psychology, and will not withstand the tampering of unqualified hands. Too often have countless thousands of investors' funds been sacrificed through an unwarranted market break occasioned by the ill considered, or worse, ill founded, statement from sources that even casual consideration would reveal to be utterly lacking in authority or proper qualification.

Not long ago a forecast that the market was destined for early collapse was given considerable publicity. Its effect on the price level of certain groups was evident, but the recovery was quick and positive because the market leadership was in strong hands which restored confidence with the same rapidity with which it had previously been put to route. At the same time the recovery also reveals the absurdity of the disturbing prediction. Although as a matter of fact the forecaster actually disqualifies himself. The cycle theory premise on which he bases his conclusion has long been considered obsolete by leading economists. Of course it is fatuous to believe that the market will not experience occasional corrective movements. Unquestionably it will; but to consider the market as a single unit given to concerted mass movements or to complete disruption, catalogues any forecaster as materially behind the times.

It is commonly recognized that while a severe reactionary movement involves large portions of the whole list to some slight degree, both the downswing and upward movement are chiefly operative on specific groups of stocks.

No one is so foolish as to seek only the favorable side of the picture, no one wants only the good news. The adverse as well as the promising are recognized by any right-minded person. But let it be justly demanded that the facts be true, that judgment be competent and well-founded.

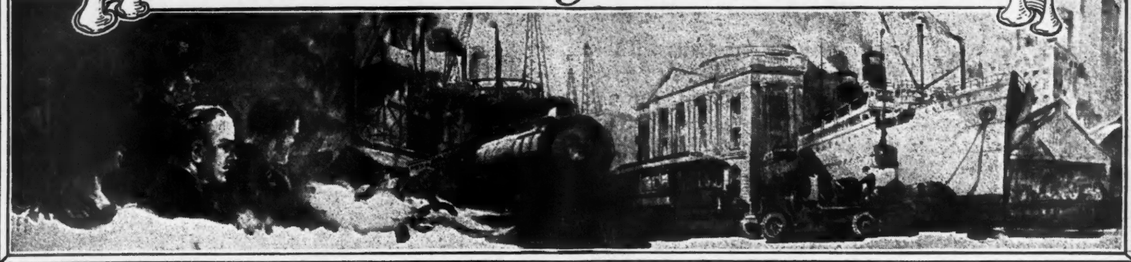
In the Next Issue

Announcing the Bank and Insurance Number

This is an age of bank prosperity, of bank expansion, and of tremendous growth of insurance companies. Formerly regarded as "rich men's" stocks, the securities of institutions in both banking and insurance fields have become popularized. Large profits have been made by foresighted purchasers. More are possible. The interest in bank and insurance stocks is increasing daily.

With the next issue we are inaugurating a Bank and Insurance Number. It will contain authoritative and valuable features on the changing functions of banks, the investment aspects of insurance stocks, and comprehensive tables showing the investment position of important bank and insurance securities. No alert investor can afford to miss the opportunities in this issue.

The MAGAZINE of WALL STREET



INVESTMENT & BUSINESS TREND

An Economic U. S. of Europe?—Tariff Tinkering Invites Trouble — Higher Rail Rates — Crops Less Favorable — A Laudable Ruling — Insurance or Investment — The Market Prospect

AN ECONOMIC U. S. OF EUROPE?

BRIAND'S United States of Europe may be impracticable, but that is only because it is a rational proposal. The worst handicap a reform can have is that it be reasonable. It is difficult to work up enthusiasm over a matter of fact, even of great importance. It takes a tea tax or a Marie Antoinette suggestion that if the populace can't get bread they ought to get along on cake to work up enthusiasm for a revolution, bloody or peaceful. It is unreasonable to expect such a reasonable idea as M. Briand's to prevail. Still it may be possible to inject some driving fanatacism into the dream of a united Europe that will be powerful enough to offset the tangle of senile fanaticisms that oppose it. The unexpected does have a way of happening. The president who kept us out of the war and solemnly enjoined us all to be neutral sent two million soldiers to Europe—something that no person had ever dreamed of in the entire history of the United States. We cannot visualize a political United States of Europe but we have enough unreasonableness to imagine an economic league. It can't come too soon for the good of the world. Our external tariff wall has doubtless stimulated the great industrial development that has taken place inside its enclosure but that development is due more to continental freedom of trade than anything else than abundant natural resources. Europe is still too much in the peasant economic stage, which is self-sufficiency carried to the extreme in the smallest possible territorial unit. An expansion of continental trade within Europe will inevitably be accompanied by a pulsing growth of world trade. A Europe enriched by home trade will buy freely abroad. We need that kind of buying now, and will soon need it much more. Trade expansion in the Nineteenth Century was mainly due to the opening up of new countries and the rapid growth of population. There are no more new countries to exploit and the growth of population is slowing down. The Twentieth Century must look for trade expansion to increased wants and the ability to satisfy them rather than to more people with few wants. So we hope somebody will find a way to Leninize Briand and make him the saint of a new revolution in Europe. Joan of Arc didn't seem to have any more chance of freeing France when she left her village of Domremy than Briand starting on his crusade for a United Europe.

TARIFF TINKERING INVITES TROUBLE

CALIFORNIA fruit growers demand higher tariffs because they are producing too much fruit; Montana manganese producers demand a higher tariff because they aren't producing enough manganese. That's the way the new tariff law is being made. Invoke the tariff whether you are competent or incompetent, get the government to do what you ought to do yourself. The grape growers have doubled their product in the last few years, chiefly to meet and over meet the demand for grapes for surreptitious wine making. Accessory, therefore, to wholesale prohibition law violation they do not hesitate to urge the government to enact another law to rescue them from the results of violating an existent one. At best the protective tariff is a necessary evil. At worst it is a monstrous device operated under governmental sanction for the profit of the few at the expense of the many. Except for indirect public benefit it is as bad as the trade monopolies the defunct kings of Europe used to

confer on royal mistresses and court fools. There should be no tariff for the particular benefit of any industry, only for the general benefit through benefiting an industry. No tariff was ever built in that way, at least not in the United States—and never will be. The tinkering the Senate Finance Committee has done with the tariff bill leaves us cold. A little more blah for the farmers—like a tariff on corn and wheat (with wheat selling higher in Winnipeg than in Minneapolis) and a little less for some manufacturers who probably ought not to have any protection.

HIGHER RAIL RATES

THE pending of the Interstate Commerce Commission decision on increased railroad freight rates is one of prime importance to western roads and to investors in their securities. It will be recalled that as a war measure the carriers of the northwest reduced rates on agricultural products which placed them below parity with other carriers of the country. The disparity has never been corrected and today remains a needed adjustment to bring railroads in general to that uniformly favorable earnings basis already indicated by a number of the great systems.

CROPS LESS FAVORABLE

THE prolonged drought has wrought serious changes in the agricultural situation. A month or six weeks ago the crops gave evidence of being smaller than last year, but compensating higher prices supported the view that the growers' return would be ample to support farm purchasing power at least at last year's levels. The absence of rains throughout August and early September, however, materially altered this picture. Northwestern wheat was reported as only 58 per cent of normal condition on September 1st, compared with a ten-year average of 70 per cent, which of course implies a shorter crop than was earlier expected and a consequent less favorable prospect for the economic status of the wheat areas. The great corn belt has suffered even more acutely in both quality and quantity. There is a scarcity of cash grain and an increasing quantity must be marketed through cattle and hogs, which means months postponement of actual cash return. Indeed, corn is probably the weakest spot in the current business structure. Cotton is more promising, although the Government report as of September 1st indicated production of only 14,825,000 bales. While lower than a month ago, this figure is still above last year's outturn, and, differing from the earlier harvested crops, rainfall may still improve the ultimate yield. Meanwhile, however, higher prices seem certain, particularly in view of the low carryover from last season. Thus, the southern farmer has at present a more favorable outlook for his year's receipts than the growers of the great grain staples in the middle and northwest, where business seems destined to experience more or less restraint.

A LAUDABLE RULING

THE New York Stock Exchange is to be commended for its recent action in seeking to compel corporations, whose stocks are listed, to give a clearer definition of stock dividend policies. The great democratization of security ownership is a phenomenon of comparatively recent occurrence. It is clearly founded upon public confidence in our great American corporations. The Stock Exchange recognizes the fact that the greater the average investor's understanding of financial statements, earnings reports and dividend practices, the more certainly this confidence will be perpetuated and increased. The effort to safeguard the interest of investors by making more information available is no less foresighted than laudable. It follows the Exchange's adoption of the attitude that every stockholder should have a voice in the affairs of his company, as expressed some time ago in the restrictions placed upon listing of non-voting stocks. This policy it has now carried from the "careful scrutiny" stage to definite exclusion of non-voting common shares. Thus reformation is making itself a part of the new era in finance.

INSURANCE OR INVESTMENT

MANY of our most prosperous insurance companies might be thought of as investment trusts. The rising trend of earnings is attributable in only a minor degree to increasing underwriting profits. It is rather the profitable market operations and successful investments which go to make up the lion's share of income. A recent report of one prominent company shows 97% of assets in securities, of which 57% are common stocks, all high grade, and what is more to the point, showing a profit over purchase price of close to five million dollars. Perhaps it would be only wise practice when making an investment in an insurance stock to find out among other things just how skillful is the management in—no, not in the insurance business—but in successful investing.

THE MARKET PROSPECT

THE current and prospective position of the stock market is fully discussed in this issue on pages 905 and 906.

Monday, September 16, 1929.

Market Seeks New Leaders At a Critical Stage

Caution Is Advised While the Market Is Going Through a Period That Holds Out Both a Threat and a Promise for Investors

By Arthur M. Leinbach

POISED at levels attained through spectacular market activity of the "blue chip" stocks, the stock market seems to be undertaking the somewhat hazardous experiment of "swapping horses in the middle of the stream."

Throughout the summer advance, the market enjoyed the finest kind of leadership—one of the strongest points in its favor and a factor that went a long way in commanding the public's confidence. Both the professionals and the amateurs felt little apprehension concerning the spectacular rise of the market as long as the advance was confined to the high priced investment stocks of good caliber and strong sponsorship.

Throughout the greater part of the summer, the general run of issues on the New York Stock Exchange played a modest part in the performance. The heaviest buying and the most spirited advances were concentrated on these leaders. Many issues remained stationary, hundreds hovered around their low prices of the year, while the upward movement among the balance of the secondary issues was conspicuously orderly and well behaved. In a sense, the active market leaders became the market itself, while the several thousand second, third and fourth rate issues that are listed on the leading exchanges became isolated into a sort of an "outside" market—the main show outside the limelight of public participation and market performance.

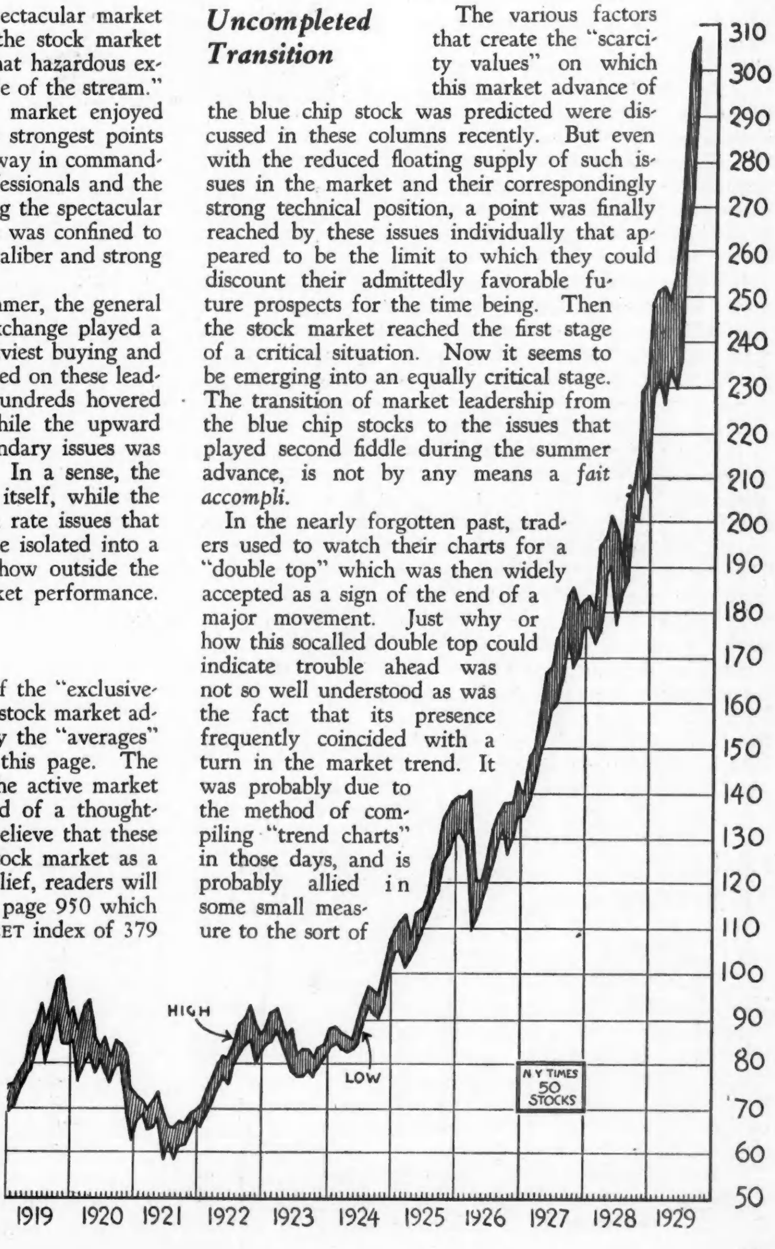
A Significant Comparison

A striking example of the "exclusiveness" of the summer stock market advance is illustrated by the "averages" that are charted on this page. The stocks selected for this chart are largely the active market leaders discussed above. For years a kind of a thought-habit had fixed itself upon the public to believe that these "averages" represented the trend of the stock market as a whole. As a test of the validity of this belief, readers will find it interesting to turn to the chart on page 950 which represents THE MAGAZINE OF WALL STREET index of 379 securities and compare it with the accompanying chart of the market "leaders." Perhaps nothing else could illustrate quite so convincingly the "spread" between the market leaders and the general run of stock exchange issues during the past three months than a careful comparison of these two graphic exhibits. The comparison will also disclose the extent to which a separate market for "blue chip" stocks has been imposed on the general market.

Uncompleted Transition

The various factors that create the "scarcity values" on which this market advance of the blue chip stock was predicted were discussed in these columns recently. But even with the reduced floating supply of such issues in the market and their correspondingly strong technical position, a point was finally reached by these issues individually that appeared to be the limit to which they could discount their admittedly favorable future prospects for the time being. Then the stock market reached the first stage of a critical situation. Now it seems to be emerging into an equally critical stage. The transition of market leadership from the blue chip stocks to the issues that played second fiddle during the summer advance, is not by any means a *fait accompli*.

In the nearly forgotten past, traders used to watch their charts for a "double top" which was then widely accepted as a sign of the end of a major movement. Just why or how this socalled double top could indicate trouble ahead was not so well understood as was the fact that its presence frequently coincided with a turn in the market trend. It was probably due to the method of compiling "trend charts" in those days, and is probably allied in some small measure to the sort of



thing that is going on in the stock market right now.

When strong market interests abandon the original market leaders, public confidence is shaken whether this happens in the market of 1909, 1919 or 1929. A good deal of liquidation results from the transition from one set of market leaders to another. On the old fashioned charts, it presented the appearances of a capital U, with two peaks for the "top," when the market changed leaders in its final stages.

Broader Market and Scope

The stock market has grown so much in scope and in public participation, that calculations now must be multiplied many times to get the same result. The popular market "averages" fail to do this, being comprised almost entirely of the market leaders. Consequently an advance of the blue chip stocks grossly exaggerates the nice little charts that some newspapers still publish for the enlightenment of the public on the "trend" of the market. Any subsequent leadership by a new set of stocks would only be reflected in a more comprehensive chart—one that has at least the scope of The Magazine of Wall Street index already referred to above.

It is interesting to note, however, that if sufficient allowance for new conditions is made, the fundamental factors that influenced past markets may still be detected in this very decidedly "different" bull market of 1929. One of the factors is the incipient switch of leadership that has almost gone unnoticed in the breadth of the present market.

The future course of the market might seem so obvious in the light of these observations that one might jump to the conclusion that another upward swing is in the offing under the leadership of another set of stocks than those that led the July and August advance. The trouble with this conclusion, however, is that it is a little too obvious. The matter is not quite as simple as all this. For one thing, the transition of trading activity to the secondary stocks is just about getting under way. The ability of the market to successfully accomplish this transition has not really been demonstrated as yet. And even if this stage is successfully passed through, a switch from one set of leaders to another must be regarded as a warning for caution by those who look further ahead in their security dealings than the tip of their nose.

Obstacles To Be Hurdled

The task of building up a sufficiently large public following to support upward movements among the secondary issues is a very difficult one under present conditions. To accomplish this end, a number of very potent obstacles must be overcome. The advance in the blue chip stocks was an easy matter, comparatively speaking. These stocks had previously been taken out of the market in large blocks by insiders, by investment trusts which were prepared to retain their commitments under any circumstances up to the actual threat of a market crises, and by American and foreign investors who bought such stocks to hold for permanent investment. The floating supply consequently was reduced to a point where any well organized buying movement could be assured, in advance, of a reasonable degree of success. The same technical factors do not exist to the same extent among the secondary stocks.

Among other obstacles is the tremendous expansion of brokers' loans which the market has to face at present—a growth of about a billion and a quarter dollars within less than three months. Still another obstacle is the critical money situation that exists as the result of the heavy drain of the stock market upon the credit supply. Seasonal demands for credit will reach their peak in the weeks immediately ahead and even the much improved banking position will be taxed to a critical extent if the demand for speculative loans is sustained over this period. And it is in the middle of such a violent stream, with its dangerous undercurrents, that the stock market is attempting to swap horses as far as future market leadership is concerned.

Threat and Promise

Under these circumstances the attempt to switch marked leadership holds at least as much of a threat as a promise as far as the fortunes of the individual participant in this market is concerned. There is increasing evidence that, under the cover of these tactics, stocks are being distributed for public consumption. The consistent growth of brokers' loans, even during weeks of considerable market irregularity indicates a movement of stocks into margin accounts— a type of movement that frequently precedes a corrective movement throughout the general market. As this is written a good deal of liquidation has been recorded for the blue chip stocks that heretofore led the market. Some of these issues are off twenty points from the highs recently established, others more or less than this figure. It is only natural that the apathy of the old leaders should seriously disturb the rest of the market. And, if the market is really going to reach out for a "second top" through the leadership of a new set of issues, it is to be expected that the market must first strengthen its technical position still more than the irregularity of the past fortnight has provided.

The Conservative Course

Faced with these difficult conditions, investors would do well to limit their stake in the market at the moment only to such issues that they would be content to hold through a break. Bulges in the market might be taken advantage of to lighten holdings that do not qualify for retention under this classification. As long as the market is going through a transition period from old leaders to new ones, it is not going to run away. And if it does, it is not the kind of market that anyone but the most courageous speculator would want to run after. The very fact that the market has created so many courageous speculators as the result of its eight-year "advance" is not a particularly good sign.

The scope of the market is so broad today that the real trend is obscured by the complexity of individual movements, even under ordinary circumstances. Through a gradual change to new leaders, the surface appearance of irregularity will be even more aggravated. Consequently, investors must employ extreme discrimination in making new commitments; searching for investment values instead of market trends.

How To Select An Investment Trust

By Carl Williams

The tidal wave of investment trusts that has overwhelmed the country in recent months has naturally given rise to the question in every investor's mind of how to profit by it. New standards of value, new methods of appraisal are called for. The very number of trusts themselves, many of them with impressive sponsorship, has served to complicate the question. Believing that a frank discussion of the strong and weak points, and the most important characteristics by which investment companies should be judged, would perform an invaluable service, we have prepared this article and the appended tables.—Editor.

THE attitude of investors toward purchases of shares of investment trusts, or investment companies, as they really are, is becoming more and more enthusiastic. In January, 1924, it is doubtful if over 15 such institutions existed in this country, or if their assets totaled over 14 million dollars. Today, it is estimated that over 400 such companies are operating in the United States, with more being formed every month. Investment trust resources are placed well over 2 billion dollars. Since the first of this year alone, more than one billion of investors' funds have found their way into this channel.

Such an astonishing expansion is ample evidence of a general willingness to intrust a substantial portion of investment funds to professional management, in the same manner that legal problems are turned over to an attorney or matters of health to a physician.

It is, of course, for the individual investor to decide whether to include investment company shares in his or her holding of stocks and bonds that compose the traditional investment account, and to decide further what proportion of funds should be placed in such shares and which particular investment companies should be favored.

At the outset it must be recognized that investment trusts fall roughly into two classes—fixed and management. The former operate with closed portfolio, that is securities are purchased and trusteed with the objective of holding them for the life of the trusts. Substitution or replacement is only made for specific causes such as failure of dividend or interest payment; and even then the by-laws of some fixed trusts do not provide for replacement but direct that the security be sold and the proceeds be distributed among the shareholders of the trust. A fixed trust is more in the na-

ture of a fixed income proposition than management trusts. Its holdings are publicly known and consequently its shares fluctuate in price directly in proportion with the value of the securities which it holds. As a result it possesses little speculative flavor.

Management trusts, as the name implies, place more obligation and rely to a greater degree on the management. To them is given broad powers of selection, of disposal and replacement. This practical carte blanche, insofar as market operations is concerned, naturally give management trusts greater opportunity for profits and a greater speculative value to their shares. It is largely for this reason that by far the greater portion of public interest in investment trusts is in those of the management type, and it is to these that we shall confine our attention.

Discrimination Necessary

Assuming that the investor has concluded to purchase investment company shares up to one-third of his available capital, which proportion is believed conservative provided wise selections are made, the big problem becomes which of the 400 or more investment companies offers the most desirable investment from the standpoint of safety, income and possible profit.

It is not an easy choice. The rapid growth of these institutions has taken place almost entirely during a time when the market has been in a rising trend. Most of them have yet to experience a down swing of any extended duration. As a group the trusts might be compared to a young and rapidly growing industry which has yet to feel the pinch of adversity. Industrial experience amply demonstrates that when unfavorable conditions arise the weaker members of a new industry are eliminated. To some extent this may also be true of investment trusts. Under unfavorable market conditions failure to pay dividends may well bring shares of the weaker trust close to liquidating value, with an ultimate concentration of the many companies to substantially fewer numbers than exists today. In other words, it is foolish to assume that all of the 400 or more are gilt edge. Care and discrimination in selection are as necessary in choosing an investment trust as in any other form of investment, if not more so, for the earmarks of merit and intrinsic worth are not so readily apparent.

Management Important

Unquestionably the first and decisive consideration should be the personnel of the responsible management. Who are they? What is their record in investment ability? What of their reputation? If the investor does not know this and cannot get satisfactory information, it is only common sense to disregard glowing predictions and to look elsewhere.

Management is a particularly important factor in investment companies because the assets of such companies are almost exclusively cash, call loans and marketable securities, and because the business of such companies is the investment and reinvestment of these assets, shifting them as seems best from company to company and from industry to industry. Such assets are easily converted to personal enrichment by dishonest managers or can be easily, quickly and secretly dissipated by incapable and reckless managers, just as they can be substantially increased in value for the investors, benefit by capable handling.

There are certain well defined tests of good management which can be made by every intelligent investor and will be made by every cautious one. The most important perhaps is the past record of achievement and the reputation resulting from it. At the end of 1925, there were 48 investment companies in the United States with a total capital of some 150 millions and at the end of 1927 there were 150 such companies with some $700,000,000 of capital. The records of these have become well known, prominent among them being the International Securities Corp. and the Second International Securities Corp., the American British and Continental Security Corp., the Continental Securities Corp., Insuranshares Corp., Incorporated Investors, General Public Service Corp., Newmont Mining Corp., and the American International Corp. Most of these corporations are limited, some rigidly, by their charters to minority ownership in other companies, but two at least, Newmont Mining and the American International, have the broader powers of a holding company, the latter in fact, having been originated for that purpose.

Brief Earnings Record

Investment companies formed since the close of 1927 have had relatively short period in which to make an earning record, and of course the flock of 1929 "trusts," some of immense size, offer little in this respect. Yet their stocks have been popular and in many cases decidedly profitable. This is due to the record and reputation of their managers in other allied fields. It is estimated that some 60 per cent of investment companies are managed by partners of investment banking and stock exchange firms and another 10 per cent affiliated with banks and trust companies, this group including most of the larger ones. A few large, well known "trusts," such as the American Founders Group, Sterling Securities, Incorporated Investors and American Capital Corp., the Investment Company of America and Pacific Investing Co. are managed by professional investment company managers, or independent investment counselors though the trend seems to be for these also to establish investment banking or stock exchange affiliations, or to become, themselves, investment bankers. The balance of about 25 per cent to 30 per cent appear to be controlled and managed by individuals not partners of important financial institutions. Many of these also have attained considerable success, but necessarily operate in a more restricted field.

Many, if not all, of the investment banking and New York Stock Exchange firms sponsoring investment companies have established enviable reputations for integrity and ability and find an eager clientele and general following ready to engage in the joint investment enterprises which they propose. Many of the partners of these firms have successfully operated private investment accounts of their own from the profits of which the public has heretofore been excluded, organized as they were on an unlimited liability basis. As a group, they probably constitute the highest investment talent available and probably possess

the greatest opportunities for securing reliable information about the manifold, daily happenings in the investment and speculative world.

Value of Firm Names

The average investor may know in a general way that such and such a firm, or man, is "good" without having any very definite information as the basis of his opinion. The flotation of an investment company by such a firm gives the public an easy way of checking the favorable or unfavorable reports that may have reached it. Obviously, any group of partners who can quickly raise $10,000,000 or more, to be invested according to their own discretion are entitled to serious consideration. The figure mentioned might even be lowered to $5,000,000 or $1,000,000 or less according to circumstances but $10,000,000 has been chosen because there are easily 40 to 50 American investment companies having assets of over that amount and exhibiting all the variations in powers, policy and financial set-up than need be discussed for an understanding of investment "trust" appraisal factors. The amount of capital contributed by the public and the time required is an important indication of the standing of the organizers.

Assuming, therefore, that we are dealing only with investment companies with preponderant claims to country wide appraisal, what additional facts should the careful investor seek? An important point is the time and labor the managers expect to devote to the work of management. It may, or may not, be their major interest. Some light may be thrown on this question by the amount and proportion of their own permanent cash investment in the joint undertaking. Among the 40 odd largest American investment companies tabulated, the cash contribution of the organizers and management ranges from the nominal organization expense or price of directors qualifying shares to as much as 75 per cent of the capital. Only three companies, the Reybarn Corp., Newmont Mining and Mayflower Associates reveal an investment on the part of the organizers of over 50 per cent of the total capital. Ten of them, including the three mentioned, show a sponsor or management investment of 20 per cent, or more as originally organized. Fourteen show a management, or sponsor investment either in the original or subsequent capitalization of less than 5 per cent of the total capital. A ruling of the California Corporation Commission requires that 20 per cent of the capital be paid in by organizers of investment "trusts" in that state.

Undue weight should not, however, be given to this factor, for experience has shown that reputable and able management can be obtained without a heavy management investment. It is only one thing among various others to be considered. Its chief significance is in serving as a material guarantee against lack of due diligence in avoiding losses on the part of the controlling interests. Where no, or only a nominal, investment is made by the management, the theory is that of numerous partnerships wherein one partner contributes the capital, the other the experience and labor, and both share more or less equally in the profits.

Compensation Through Option

The terms of the latter can be ascertained. Of the companies shown in the table, organizers and managers of some 21 receive 50 per cent, or more, of the common stock. The amount of common received ranges in the group from none to 83 per cent. Where no common stock is obtained by the controlling interests, or managers, compensation is usually in the form of options to purchase common stock at a later date, or by a fixed periodical percentage of the capital, or a fixed periodical percentage of the net income.

The effect of outstanding options in large amount, is important as a source of asset dilution and price depression as the liquidating value and price of the stock increase and should be carefully investigated. A simple example will illustrate this. Assume a company sells 100,000 shares of common at $30 net and the managers receive warrants, good indefinitely to buy 50,000 shares at $30. The stock in the next three months advances to $45 and the managers exercise their rights purchasing 50,000 shares for $1,500,000 at $30 per share. There are only market reasons why these new shares are not worth substantially as much as the old ones and, subject to market conditions, should be valued at about the same price inasmuch as the company has presumably not greatly increased its assets. Assume, however, that the options are exercised at a later date when the liquidating value of the stock has advanced to $50 and the shares are selling at $75. In this case, the liquidating share value is lowered to $43.33 and the value of each share drops to $65, a decline of over 13 per cent. If the liquidating value has advanced to $100, and the share price to $150, the depressing effect of the exercise of the options is still more serious, the share value (on the same basis) being lowered to $115, a 23 1/3 per cent decline.

The Price of Ability

The American Founders Trust by June 1st, 1926, according to its management contract with the International Securities Trust of America had earned options on 125,251 1/3 shares of common stock of the latter at an average price of a little over $11 per share. At that time, the International Securities Trust had outstanding 48,393 shares with a book value of $47.54 and a market price of $74. Exercise of the options would have reduced the book value of International Securities Trust shares to about $20 from $47.54 and the market value to around $30 from $74. It was an impossible situation and the American Founders Trust wisely recognizing it, rescinded the fiscal agreement and in lieu thereof purchased 600,000 shares of B stock and 10,538½ shares of A stock of the managed trust at a favorable price—about $2,600,000 in total.

It is altogether probable that through the option device, the organizers of some investment companies have put entirely too high a price upon their ability to make profits, or have leaned heavily upon the credulity of an undiscriminating public. Where options are outstanding, it goes without saying, that the number and terms should be clearly stated in *(Please turn to page 978)*

41 Representative Trusts With

	Approximate Capital	Investment of Organizers, Sponsors, Directors, etc. Cash	Proportion	Compensation of Organizers Common Stock	Options	Compensation of Management
ALDRED INVESTMENT TRUST. Inc. Nov., 1927.	$12,200,000	$1,250,000	10%	53%	0	0
Giving organizers for 10% of investment, 53% of the com. shs.						
AMERICAN BRITISH & CONTINENTAL CORP. Inc. Nov., 1926	$19,500,000*	$3,100,000	16%	70.5% 450,000 shares *Underwriting charges of apparently $400,000 for sale of bonds.	0	0
Nov. 1, 1928, organizers offered 125,000 shs. of com. at $20, which marked down cost of their investment to about $600,000 or 3% of the capital and reduced their holdings of com. to 330,000 shs., or 55% of total. As the sale price of the com., however, represented a large profit, the view may be taken that the original investment was reduced to only about $2,800,000 or about 15% of the total capital.						
AMERICAN CAPITAL CORP. Inc. May, 1928	$15,300,000	$540,000	3.53%	57% "B" Stock. 210,000 shs. "B" Stock. Per cent of "A" and "B" 45.4%. Underwriting apparently $660,000.	525,000 shs. of "B" com. at $10 to June 30, 1940, or 143% outstanding "B" stock, or 112% of outstanding "A" and "B" com., or 35% of authorized "B" com. or 26.25% of authorized "A" and "B" common.	Contract to receive 4/10 of 1% annually of average investment fund.
Organizers purchased 210,000 "B" shs. for $420,000 and directors contributed $120,000 for expenses of first year and one-half of operation, receiving 210,000 shs. of "B" common (45.4% of "A" and "B" com.) and options at $10. on 525,000 shs. of "B" com. for 12 years.						
AMERICAN EUROPEAN SECURITIES CO. Inc. Oct., 1925	$16,000,000	$3,000 and services	19/100 of 1%	11.5%	40,000 shs. at $12.50 (perpetual).	0
Assuming exercise of options, organizers would have invested $503,000 or over 3% of capital and received about 27% of the com. stock. Assuming organizers' services worth $500,000 would increase proportion of investment to over 6%.						
AMERICAN & GENERAL SECURITIES CORP. Inc. Oct., 1928	$17,000,000	$3,000,000	17.65%	100,000 shs. "A" com. 500,000 shs. "B" com. 100% "B" or 75% of "A" and "B" combined. Underwriting $800,000.	0	American Founders received annually ⅛ of 1% of average value of company's assets.
Organizers sold 200,000 shs. of $3 pfd. with 200,000 shs. of class "A" at $74 per unit, or $14,800,000 and subscribed to 100,000 shs. of class "A" for $2,000,000 and 500,000 shs. of class "B" for $1,000,000. Class "A" is preferred up to $2 in divs., and then to one-half of any divs. paid on class "B," both sharing equally after $4 is paid on both classes.						
AM. FOUNDERS CORP. Inc. 1926. (Am. Founders Trust, 1922)	$56,750,000	Variable		920,000 shs. of com., outstanding 1,794,933 shs. owned June, 1929.	0	0
Has absorbed original compensation of organizers, if any. It is understood that United Founders, which recently gained control, acquired stock at market prices.						
AMER. INTERNATIONAL CORP. Inc. 1915. (New management and policy 1923)	$29,830,000	......	....	0	0	0
Originally organized as a holding co. and later converted into an investment co. type. It has 490,000 no par com. and no bonds or pfd. stock. Controlling interests and management compensated through stock holdings, amount not stated.						
BLUE RIDGE CORPORATION	$127,500,000	$62,500,000	49%	6,250,000 shs. 86.2%. Underwriting—0	To buy com. at any future date equal in amount to additional issues (with certain exceptions) as net asset value at close of year of issue but at not less than $20, subject to adjustment for split-ups, etc. This means apparently options on future issues of over 10,000,000 shs., or about ⅕ of authorized issue at approximate liquidating value.	0
Co. sold 1,000,0000 shs. of conv. $50 par pfd. at $51.50 and (to public) 1,000,000 shs. of com. at $20 and (to sponsor Co.) 6,250,000 com. at $10.						
CONTINENTAL SHARES, INC. Inc. Mar., 1926	$6,500,000	......	....	10,000 Founders shs.	0	0
Original capital of 130,000 com. shs. at $50, split in 1929, 1 to 4. Founder's shares entitle holders to receive 25% per annum of profits in excess of $1 per sh. on the com. and founder's shs., provided dividends equivalent to at least $1 annually since organization have been paid on com. Present (June, 1929) resources of corporation over $100,000,000.						
GENERAL AMERICAN INVESTORS CO., INC. Inc. Jan., 1927	$9,000,000	$1,800,000	20%	125,000 shs. 62.50%. Underwriting $225,000.	0	0
Resources Dec. 21, 1928, about $13,000,000.						
GENERAL PUBLIC SERVICE CORP. Inc., Dec., 1925	$15,500,000	$2,500,000	16%	250,000 shs. 46.3%. Underwriting —	0	0
Sponsors, in addition to any original holdings, invested 16% of capital and received 46.3% of com. stock.						
GOLDMAN-SACHS TRADING CORP. Inc. Dec., 1928	$100,000,000	$10,000,000	10%	10% Underwriting $3,600,000	0	20% of net profits annually, when by such payment net profits are not reduced below 8% of invested capital at beginning of year plus any capital paid in during the year.
Under the contract, the Goldman-Sachs Trading Corp. must earn at least $10 per share during the first year of operation to entitle the management to receive the full 20% of net earnings due them. On a net income of $20,000,000, the management's compensation would be $4,000,000, and the stockholder's equity $16,000,000. Considering the management's original investment, and assuming average earnings of at least 10% on invested capital, the managers and organizers furnish 10% of the capital and receive 28% of net profits.						
GUARDIAN INVESTORS CORP.	$10,600,000	......	....	About 50% of Common Stock, Underwriting ——	0	0
HAYCART CORP. Inc. Nov., 1928	$22,475,000 (490,000 com. shs.)	$6,600,000	30%	140,000 common shs. 30%. Underwriting $250,000.	56,000 shs. of com. at $60 to April 22, 1934, or 11.5% of outstanding shs.	No separate compensation apart from organizers.
Subscription to the 56,000 shs. now under option would increase organizers' proportion of capital and of common stock to approximately 36%, assuming none was sold.						
INTERNATIONAL SECURITIES CORP. OF AMERICA.	$69,000,000 (Nov., 30, '28)	Less than 3.25%, probably about 2%		51% of outstanding class "A" and class "B" com. or 32% of authorized class "A" and class "B" com.		4% of gross income after taxes.
Subsequent to Nov. 30, 1928, American Founders reduced the holdings of class "A" and "B" stocks to 480,404 shs. of class "B" com.						

Assets Over 10 Million

	Approximate Capital	Investment of Organizers, Sponsors, Directors, etc. Cash	Proportion	Compensation of Organizers Common Stock	Options	Compensation of Management
INVESTMENT CO. OF AMERICA Inc. 1926	$10,800,000 (Dec., 1927)	Organization costs and two years' operating expenses, about $200,000	1.5%	0 Underwriting ——	On com. to 50% of outstanding stock, or warrants to buy stock on same terms as stock sold or warrants issued. Options on one sh. com. for each sh. pfd. stock sold at a minimum price of $16.50 plus commission per sh. paid for sale of pfd. Options run for 10 years from date of issue.	4/10 of 1% annual fee.
INVESTORS EQUITY CO. Inc. May, 1927	$18,100,000	$1,500,000	8.3%	64.5%	0	0
Investment of organizers to 8.3% of capital, leaving proportion of common at 64.5%. It is understood, however, that much, or most of organizers' original stock was sold, reducing percentage of investment and common to nominal amounts.						
MAYFLOWER ASSOCIATES, INC. Inc. May, 1929	$18,000,000	$9,000,000	50%	150,000 shs. 50%. Underwriting 0	See Management 0	Options on 17¼% of greatest outstanding com. at prices ranging from $64 to $72 for a 3-year period.
Of the 400,000 authorized com. shs., 300,000 were sold by May, 1929, at about $60 per sh. Assuming exercise of current options on 51,750 shs. at minimum prices of $64, the managers would have invested an additional $3,312,000, making proportion of capital investment 36.7% and proportion of com. somewhat under 36%. Investment of managers and directors combined would then total $12,312,000, or about 58% of capital and shs. owned 201,750, or about 57% of the then outstanding shs.						
NATIONAL BOND & SHARE CO. Inc. Feb., 1929	$10,000,000	$1,029,000	10%	20,580 shs. 10%. Underwriting charge $600,000.	0	20% of net profits when such payment will not reduce net income below 10% of stated capital. Compensation payable 10% in cash, 10% in cash to amount of annual dividends and in stock at liquidating value.
National Bond and Share must earn at least $6.25 per sh. during the first year to be entitled to the full 20% of net earnings, in which case the managers would receive $1.25 per share, or $250,000. Considering managers' original investment held intact and assuming average earnings of at least 12.5%, the organizers and managers furnish about 10% of capital and receive 28% of net income.						
NEWMONT MINING CORP. Inc. May, 1921	$13,000,000 (1925)	(Book equity) about $7,800,000	60%	70% or 300,000 shs.	0	0
The Newmont Corp. was incorporated in 1921, and recapitalized in 1925 as present company, with 300,000 shs. of com. outstanding, prior to June 1, 1925, 130,000 shs. were sold at $40 per sh., balance being retained by previous owners at a book value of about $26 per sh.						
OIL SHARES CORP. Inc. Feb., 1928	$10,800,000	......	....	Apparent Underwriting fee of about $810,000.	0	Petroleum Research Corp. receives 1/24 of 1% monthly of capital, surplus and undivided profits. Also receives annually an amount equal to 20% of dividends in excess of $1.50 paid on com.
At end of 1928, company had sold 158,500 shs. of $50 par pfd. and 153,500 shs. of com., equity for com. being about $16 per sh. At $1.50 dividend (before management profit sharing) equals about 9.3% on com. sh. equity, or with pfd. dividends about 6.6% on invested capital, Petroleum Research Corp. would receive annually 20% of net income (if entire amount were paid out) in excess of about 6.6% ($713,250,000) of investment plus about ½ of 1% capital, surplus and undivided profits, which latter is equivalent to 4% of net income when net income equals 12½% on the investment. Assuming earnings of 20½% on above capital before first management fee, percentage of income accruing to Petroleum Research Corp. would be about 15½%.						
OLD COLONY INVESTMENT TRUST. Inc. Jan., 1927	$11,500,000	$2,000,000	17.4%	150,000 shs. 50%	0	0
OLD COLONY TRUST ASSOCIATES. Inc. May, 1928	$20,000,000	$2,000,000	10%	40,000 shs. 10% Underwriting $720,000	0	Contract with Old Colony Co., which receives annually 6% of net income plus expenses in connection with services.
Old Colony Co. in return for 10% of investment, organization and management receives 16% of net income and also expenses.						
PETROLEUM CORP. OF AMERICA Inc. Jan., 1929	$55,250,000	0	0	0	1,625,000 shs. at $34. 50% of outstanding com. Underwriting $9,750,000.	See Organizations.
Original offering of 3,250,000 shs. of authorized 10,000,000 at $34, of which $20 was paid and $14 remains subject to call on 30 days' notice. Options or warrants for the 1,625,000 shs. are to be granted to underwriters and to the management.						
PRUDENTIAL INVESTORS. Inc. Jan., 1929.	$18,750,000	Stated to be substantial		Underwriting $1,500,000	250,000 shs. at $30 perpetual. 33⅓ outstanding com.	Contract to handle routine office work, etc.
Corporation sold 750,000 shs. at $25 net, of which organizers and directors are stated to own substantial amount. Latter received perpetual options at $30 on 33⅓% of outstanding com. On exercise of options, holders will have contributed $7,500,000 or 28.5% of the investment and received 25% of the present authorized com.						
REYBARN CORP. Inc. Feb., 1929	$13,200,000	$9,700,000	73.5%	970,000 shs. 73.5%. Underwriting ——	0	0
REYNOLDS INVESTING CORP. Inc. March, 1928	$9,000,000	$1,000,000	12%	100,000 shs. 64.5%	0	0
Resources grown to $11,000,000 by Mar., 1929, and com. exchanged on basis of 4 new for 1 old sh.—now 620,000 shs. Understood that large part of com. received by organizers has been sold, reducing investment and percent of com.						
SECOND GENERAL AMERICAN INVESTORS CO. Inc. Nov., 1928	$15,000,000	$3,000,000	20%	300,000 shs. 60%. Underwriting $250,000	500,000 shs. at prices ranging from $10 to $20. 100% of outstanding com.	0
Corporation sold $10,000,000 of pfd. with warrants to purchase 200,000 shs. of com. at prices ranging from $10 in 1930 to $15 in 1932, 1933 and 1934, and 500,000 shs. of com. at $10 per sh., or $5,000,000. Assuming all warrants exercised by present holders at minimum price of $10, corporation would have $22,000,000 of capital, of which organizers would have contributed $8,000,000, or 36.36%, and for which they would have received 800,000 shs. of com., or 66.66%.						
SECOND INTERNATIONAL SECURITIES CORP. Inc. Dec., 1928	$22,500,000	$2,800,000	12.44%	80% of "A" and "B" com.	0	0
Still later additional pfd. and "A" com. shs. were sold and American Founders sold 100,000 of its "B" shs., reducing both its proportion of investment and of com. shs.						

(*Please turn to page 976*)

-S-P-E-E-D-

THE faster the individual moves the faster material civilization moves forward. On land, speed of transit was determined by the horse, and on sea, by the oars of the galley slave for the first five thousand years of civilization. The stirrup was not invented until after the fall of the Roman Empire. The horse-drawn coach was a novelty in the time of Queen Elizabeth. It took Napoleon as long to cross France as it took Caesar to cross Gaul. Galloping madly from Madrid to Bavaria to save his empire in 1809 the best the Emperor could do was 85 miles in a 17-hour day.

Until well into the Nineteenth Century no generation could accomplish much more than its predecessors because its individuals, having only the same span of life, could not move faster or communicate with each other at a distance any more quickly.

Then came the fast sailing ship, the locomotive and the steamship. Simultaneously the steam engine gave unheard of speed to mechanical operations. Fast on the heels of the first trans-Atlantic steamship came the electric telegraph to speed communication. In those days of magically accelerated speed of transit, communication and manufacture, the American West was opened up and occupied in one-fiftieth of the time it took the Aryan races to spread over an equal area in Europe.

In our time comes the radio, the airplane and the airship. The new steamers reduce the crossing of the Atlantic to four days from the phenomenal nine-day record of the sailing ship; the airplane drives the time down to 35 hours, the Zeppelins to 55 hours. The Pacific is crossed in 68 hours and planes hurtle across America between dawn and twilight. Paris is only two hours from London and speech is as instantaneous from New York to London as to the man at the next desk. The amount of work, the degree of progress in a lifetime, a generation, is enormously multiplied. The measure of our accomplishment becomes velocity instead of the number of years. We live more in a year than our ancestors in a decade, measured by what we do and achieve. A day is more significant to us than a month was to them.

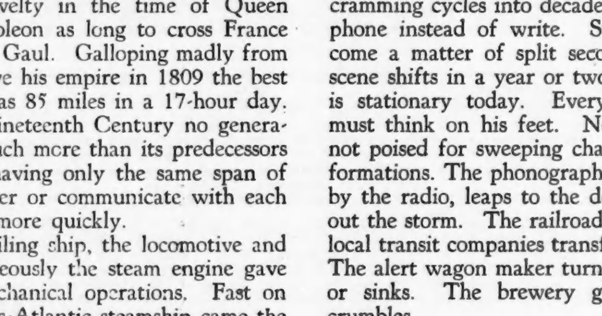
To keep up with the tempo of the times thought, decision and action have been speeded up. We are cramming cycles into decades. We telegraph and telephone instead of write. Success in business has become a matter of split seconds. The whole business scene shifts in a year or two. The speed of yesterday is stationary today. Every successful business man must think on his feet. No business survives that is not poised for sweeping changes, even complete transformations. The phonograph company, all but wrecked by the radio, leaps to the deck of the latter and rides out the storm. The railroad companies take to the air, local transit companies transfer to the motor bus or die. The alert wagon maker turns automobile manufacturer or sinks. The brewery goes into cold storage or crumbles.

In the world of corporations "old established" concerns drop out of the picture without notice. Wholesale houses are metamorphosed into mail-order houses or chain stores, or dissolve. Manufacturers become distributors or perish.

Railroads unable to adapt themselves to the ever accelerating tempo and its sweeping alterations in their environment go into the hands of receivers. Banks that can't meet the new era of every great corporation its own financier, wither away. Others shift rapidly to the investment business in one form or another or are absorbed by more mobile rivals.

All of the signs of the stock market become obsolete, all the old rules useless. The stodgy investor is as out of date as the horse. New stocks become prime favorites in a day and old stocks disappear from the blackboards and even from the tickers. Thanks to the busi-

(Please turn to page 975)



The Graf Zeppelin which recently completed a world tour in 21½ days

We are more than half way through a year of high industrial prosperity. Will the present pace be maintained for the remaining months?

Business can be no better than its sales volume. Read what sales leaders say of the prospect.

As Sales Executives View the Business Prospect

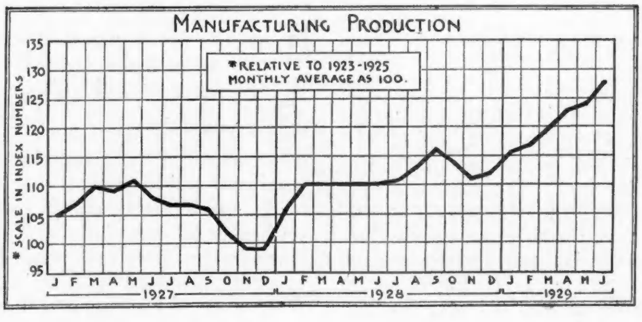
A Forecast Based on a Consensus from Leading Industries

By GILMORE IDEN

PROBABLY the most interesting thing about business prognostications is the fact that they frequently go wrong. We have been regaled with much of this during the past year, consequently there is exhibited a mental callousness toward anything which savors of an analysis or a prophecy. It can be remembered quite vividly about nine months ago there was a deluge of evil forebodings. Credit was strained, the country had indulged in too much speculation, a deflation was due, a recession of business was in sight. And rather cogent reasons were advanced to support those arguments.

Today we can hear pretty much the same despite the high levels of business prosperity which have unquestionably obtained so far this year. The public has more than one Wellesley sage and many that are not so radical. I can quote you one conservative authority almost word for word and it would agree almost identically with similar analyses.

The Department of Labor has reported a slight decrease in employment during the middle of the summer. Industrial consumption of electrical energy indicates a moderate curtailment of operations in the same month. There has at last been some decline in steel production. The output of automobiles has been moderately lower than last year, though the stimulation of new models caused an upturn during August. Cotton consumption is somewhat smaller. Retail trade reports indicate a slowing up, and building activity has not been able to regain the momentum it had last year.



All these signs are somewhat disappointing and coupled with a frequent assertion that another increase in the discount rate is pending, there seems to be reason for some apprehension. But the one who goes looking for bad signs will not fail to find them. Americans generally, however, are not sceptics. Charles Schwab says he is an optimist, always has been and always will be. The rank and file of Americans follow his lead. Unless panics are forced upon them, they do not go seeking panics.

What is the business outlook, now that the summer season has officially ended? Now that the usual mid-season slack is past can we reasonably expect this wave of business prosperity to continue? These are important questions and upon their correct answer will depend much between now and the year end. The holiday season will, of course, give sales a stimulation if nothing else will. If we can tide the time between now and then with a continuation of the prosperity that has been ours during the past eight months the sceptics will certainly be put to rout.

The Answer from Sales Executives

In seeking an answer to these questions, I addressed fifty of the leading sales executives of the country. The roster of the New York Sales Managers Club was taken because it represented the active sales heads of the leading non-competitive lines of the country. The optimism of their individual replies was surprisingly unanimous. Not alone do they generally expect a continuation of the present volume of business, wholesale and retail, but they can foresee the removal of many of the most disquieting uncertainties that have heretofore existed. Not alone are sales growing in volume, but bad debts are small and payments are reasonably prompt. Credit, for legitimate trade, is ample, and business failures have been declining.

This, however, is still a buyers' market, although there

exists no plethora of goods in the sense that production is in excess. That may be the case in some few instances, but it is not true in general. Consequently the tendency toward slightly lower prices continues, just sufficient to make business men cautious about overcommitments. That cautiousness is sufficient to prevent oxerextensions. There is just sufficient reason for precaution to prevent optimism gaining an unhealthy headway. And optimism, after all, is a heady thing which tends to encourage the discard of all discretion in the seeking of an immediate gain.

Sustained Present Volume

The salesmen of industry are on the forefront of the busness line. They are the first to feel the shock of adverse circumstances and they are the first to sense a change in the business outlook. This analysis, therefore, is not particularly the product of the author, nor does it necessarily represent his individual views. It is rather the synthesis of the views of the best trained "engineers of distribution" the country can boast of. Of course it is possible that some violent and unexpected emergency can arise to upset the best of predictions. But debarring a business cataclysm there should be many good reasons for expecting a continuation of the present business volume and profit level.

The situation requires some slight analysis before an adequate presentation can be made of the future outlook. The National City Bank, it has been recalled, finds that 916 corporations during the first six months of 1929 reported gains in net profits of 27.4 per cent. Omitting the transportation and other public utility corporations included in the list it appears that those engaged in manufacturing and trade had net profits showing a gain of better than 33 per cent over last year. It becomes clear from this that we are at a peak of prosperity which, relatively, dwarfs the heights reached in 1926.

Of course there is a defect in accepting this analysis as an indication of conditions generally. The record is for the leading corporations only. No measure is taken of the operations of the smaller and perhaps less favorably situated companies. On that score we only know that employment and payroll indices have been high, and the number of commercial failures have by no means been excessive. The analysis of the leading corporation returns, therefore, may reasonably be taken as one of the indices which leads to the conclusion that business prospects are favorable.

Corporate earnings and wages are the surest indications of the ability of the public to consume the products of the factories. Unless the public is consistently and gainfully occupied there is no stability to the market. The employees of one industry are the purchasers of the output of another.

Record by Industries

First take the metals. The leading iron and steel concerns showed an increase in net earnings during the first half of the year of 103 per cent. Seemingly exorbitant, yet that needs qualification. The steel industry has been going through a number of lean years. It has been depressed, or deflated, if you will, to an extent that was causing pain. The upturn in business during the past year, therefore, was in the nature of a blessing if not a saviour. The industry is merely coming back into its own but not enjoying exorbitant profits as yet.

Construction work has been off about 12 per cent from last year, but 1928 was a record for all time in this country. Furthermore this decline is taken up mostly in the erection of residences, while the building of major projects including multi-family dwellings, has continued unabated. In this development we see a shift in social conditions which more than offsets the apparent decline in business. That is again borne out in the matter of automobile production. The figures collected by the Automobile Chamber of Commerce would seem to indicate a recession in the rate of growth, yet if the outputs of the independent factories are added a substantial growth will be noted.

Of course automobile sales have been encouraged by the introduction of interesting new models and a multiplicity of inducements to prospective owners. At the same time there has been an unprecedented growth in the output of airplanes and a remarkable increase in the use of air routes by the American traveling public.

The new industries, very naturally, have a tendency to deflect attention from the sales of the older lines. Radio once threatened the phonograph, as television may at some future date threaten the motion picture. And the mechanical refrigerator is accused of running many an iceplant into bankruptcy. Those changes, however, have not disrupted business conditions in general but are rather phenomena of the general change. The new inventions and the new industries have undoubtedly given stimulation to American industrial life, speeded up things and made for greater wealth. The results of these changes are now being reaped in the rich harvest of general prosperity.

Petroleum and textiles represent the two weak spots in the industrial fabric. Yet their distress has not been sufficient to drag down the average during the past eight months. In the meantime both have been able to offset the problem of overproduction to some extent through cooperative effort. Their distress has been salutary. It is especially fortunate just now that the sentiment of Government is favorable toward legitimate business endeavors. Both the Department of Justice and the Federal Trade Commission have shown a willingness to assist an industry to overcome a commercial obstacle. That has been especially notable in the trade practice rules which have been sanctioned for the petroleum industry which should go far toward removing the most distressing of the commercial evils.

Political Factors

On the other hand it would be unwise to pass lightly over the political situation. President Hoover's recognized sympathy for business has enabled industry to profit much during the current year. If the President continues to exercise his dominance over the other branches of the Government, that sentiment may not wane in importance. But a new tariff bill is yet to be enacted and there is no indication of where the repercussions may lead us.

Yet in the foreign field the darkest cloud has been removed, i.e., the European reparations problem. The agreement of the nations to adopt a modified Young plan for the settlement of their debts seems to indicate that a large part of the world is making ready to get back to real business. Those nations must be allowed to regain their share of prosperity if the prosperity of the United States is to be continued and assured.

The American Government has had no little part in the settlement of the darkest of the international problems Furthermore there now seems to be good reason to expect another agreement on naval armaments which is but the forerunner of further curtailment in armaments and a consequent reduction in taxes. Such an eventuality cannot be other than a good influence on business. The effects may not be immediate, but at least the prospects are optimistic and encouraging. Confidence in the ultimate future is a potent influence on today's business.

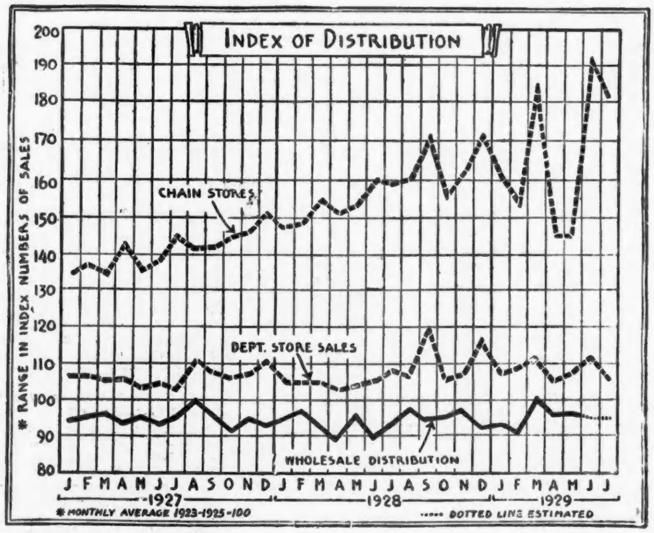
While in general the political outlook is interpreted optimistically it must be confessed that certain factors are viewed with some slight apprehension. The pending tariff bill is probably the greatest of these. A revision of the customs duties is always incitement for more or less uncertainty. Pending the final voting of the rates there is likely to be experienced a fluctuation in prices. At the present moment sales managers confess there is enough uncertainty on this point. Many of them believe that prices are going lower (wholesale prices have already shown an inclination to decline during 1929), while just as many believe that the selling price of their own products must advance.

Constraint of Credit

The tariff, when conjoined with the credit outlook, interjects an influence that is sobering if not downright deterrent. The increase in the discount rate was, according to merchants, designed for the purpose of checking the flow of credit to stock speculation. It has not yet curtailed perceptibly the volume of credit required by current commercial transactions. Should it be necessary to make further increases in the rediscount rate, it is possible that a differential in rates may be made to benefit agricultural paper. And of course it is entirely possible also to discriminate in favor of essential commercial paper.

Unofficial reports from Washington indicate that the Federal Reserve credit released through open market purchases may be near a half a billion before the end of the year. Of course such a step might conceivably aid greatly in facilitating the autumn movement of crops while financing the normal fall increase in commercial transactions. A continuation of the present volume of business would undoubtedly necessitate some such step as this, and the general belief of business executives is that the Government will not disappoint them.

The problem, however, presents to the sales executives some cause for meditation. It is pretty generally their conviction that the changed conditions are making more necessary every day a radical revision of marketing principles. Out of this has grown the sentiment in favor of mergers and the more modern alignments in marketing cooperation. Credit, the sales manager believes, must not be misused to keep incompetents in business. Credit must be denied to those who are not capable of doing business without waste. Credit will be only for those who can prove their ability to carry goods to market with the least expense and without excessive waste.



A veritable revolution is going on in the retail trades, consequently. Every live retailer, it would seem, is joining a cooperative group or so-called voluntary chain of distributors. The chains and mail-order houses are fighting out the problem of sales cost with their hard-earned dollars. In many communities today there is slight difference in prices as quoted by the chains and as quoted by the mail-order houses. The preference is possessed only by the one which can offer the greater stock to select from.

The merchant's battlefront today is in the corn and wheat fields of the West, and the cotton fields of the South. The condition of agriculture affords the only tangible thing that is disconcerting to the sales executive, for broadly speaking, agriculture has still far to go to reach an economic parity with industry, and even the Federal statutes and the Farm Loan Board are not believed sufficiently powerful to bring the farmer a full measure of prosperity.

Uncertain Sections

Grain crops, it now seems, do not promise so well. There is much straw but little grain. The protracted dry spell has left its deep impress upon the harvests not alone in the United States but also in Canada. Whereas the winter wheat crop seems to have been good and in most cases favorably marketed, spring wheat and corn have suffered materially. Both quality and quantity are impaired. Moreover higher prices and larger yields, indicated six weeks or more ago, have already been discounted in a more liberal purchase of supplies than is customary and the necessity must now be faced of meeting the bills out of the harvest now in progress.

The sales managers who liberally contributed the facts for this analysis were promised that their statements would not be revealed. At the same time there is one quotation which should be made, but without identifying the writer.

"The life insurance companies," according to this report, "at least many of the larger institutions, have loaned in total a very large sum of money to the farmers in the South, Middle West, and West, and they have had to take over a very considerable amount involved in foreclosed farm mortgages. It is very likely that American life insurance companies now own, through foreclosure, perhaps one hundred and fifty million dollars worth of American farms. While there is nothing serious to this, except to the farmers, the sale of these farm properties presents perhaps our biggest problem at this time."

The outlook in the agricultural regions, however, is not without optimism. As a matter of fact there are some districts outside of the grain belts in which there are signs of prosperity, and in most localities the increased prices for the crops will adequately compensate for their shortness. The purchasing power of the farmer, therefore, has not been so seriously impaired as to cause alarm. It is significant that the carloadings of agricultural products indicate an increase over last year. This would seem to reflect an earlier marketing and a quicker realization on the part of the farmer of the present high market prices.

Carloadings of nearly all classes of freight have been

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Concentration in Amusement Field Affords Profit Opportunities

Important New Mergers in the Making

By William Knodel

IN an era when the merger movement is sweeping over the country, the announcements of huge combinations and alignments in the sphere of industry are taken with a complacency carrying with it the assumption that they are economic necessities arising to meet the complexities of modern business. Consolidations on the present day scale would have been inconceivable as recently as twenty years ago, but the change in the mode of living by the people brought about by the many new developments since then, changes in the public's wants and tastes, have created a demand for a standard of service not only unheard of but impossible at that time. The measure of success of these mergers has been in proportion to the soundness with which they have been conceived, and the degree to which they meet a genuine need.

Bigger Mergers in Prospect

In the motion picture industry, particularly since the advent of sound films, important mergers and combinations have taken place, but these apparently have only been a prelude to even larger developments for which the stage is now being set. The motion picture industry, and more broadly speaking the whole field of amusements, is entering the realm of big business. Behind the scenes are powerful banking houses who guide the financial destinies of the companies engaged therein.

The motion picture industry merits a prominent place in the business structure of America. The very universality of motion pictures, their exhibition in large cities and in small villages, in foreign countries, and to different degrees of intelligence or sophistication in audiences—imparts to the industry a large measure of stability.

In the short space of about three decades, the industry has risen to be one of the largest in the United States, an indication in itself that it serves a fundamental need in the modern world. The magnitude of the industry is suggested by the investment of about $1,750,000,000 in this country alone. Upward of 350,000 people are employed. The motion picture theatres in this country number more than 20,000 and have a seating capacity estimated at more than 18,000,000. Weekly attendance at these theatres registers somewhat above 100,000,000; in other words a large part of the population of the United States goes to a motion picture theatre on an average of once a week. Admissions at the motion picture theatres are estimated at upward of $750,000,000 per annum.

The craving for entertainment and diversion is an almost universal one, and through the development of the motion picture, the general public was provided with the means of satisfying this desire. This need has grown particularly urgent in modern times—the development of our great congested cities and the high speed at which modern industry

Five Leading Factors in Motion Picture Industry

	Earnings per Common Share						
	1927	1928	1929 6 mos.	Dividend Rate	Recent Price	Yield %	COMMENT
Fox Film Corp.	6.24	6.47	6.11	4.00	94	4.3	Outlook favorable with current earnings about double those of last year. Merger plans with affiliates adds speculative appeal to stock, which is selling on a conservative valuation basis.
Loew's, Inc.	6.35	5.86	5.59(1)	2.00	59	3.9	Control believed to be held by Fox interests, and is one of companies mentioned in merger scheme. Earnings running moderately above last year and extra dividend a possibility.
Paramount Famous Lasky	3.61	4.03	2.30	3.00	70	4.3	Probably the best balanced unit in the industry, showing a very steady increase in earnings over period of years. Per share earnings estimated at $7 for full year.
Radio Keith Orpheum	...	nil	0.16	none	37	..	Strong interest, including Radio Corp., is back of company. Aside from merger possibilities with other large companies, stock represents a speculative commitment.
Warner Bros. Pictures, Inc.	0.03	1.86	3.48	3.00	58	5.2	Earnings rising rapidly and for fiscal year ended Aug. 31st, estimated about $6 per share. Still expanding rapidly, and recently floated a convertible bond issue of $20,000,000.

(1) 40 weeks ended June 2nd, 1929.

moves, have left little opportunity for pleasure in the day's occupation. The desire for entertainment, for pleasure, diversion, recreation—is after all, a fundamental one and one which people the world over since the beginning of time have tried to satisfy.

Along with their purely entertainment value, motion pictures have made an important educational contribution to the general public. They have made people in one station of life familiar with the manner, mode of life, and viewpoints of people in other stations; they have stimulated the desire for better things—for better homes, more pleasant surroundings, and for beautiful things in general.

One of the noteworthy features of the motion picture industry so far as the investor is concerned is that the business is a comparatively stable one. The attendance at the leading theatres is not subject to the wide fluctuations experienced in many other lines of business; even in times of depression, the motion picture theatres are among the last business enterprises to suffer, and with the return of prosperity they are among the first to recover.

The outstanding development in the motion picture industry in recent years has been the talking picture or film accompanied by sound. This invention is causing a rejuvenation of the whole industry. By means of it many of the limitations under which the motion picture has labored in the past are gradually being overcome. The invention has opened up a great new field of opportunity which promises to enable the motion picture industry to rise to greater heights of achievements.

The popularity of the talking picture is clearly indicated by the sharp increase in attendance at motion picture theatres since its introduction on a large scale in the latter part of 1928. This renewed interest on the part of the public in the cinematic art comes after a three-year period when attendance was practically stationary. Moreover, this year there was practically no seasonal decline in the bookings of films during the summer months.

A modern movie palace as typified by the Paramount Theatre in New York City

Nearly all the first run theatres are now equipped for sound pictures, but of the total picture houses in the United States, only about 25 per cent are wired so far. Installation of equipment is progressing at full speed and with the talking pictures thus being made available to a constantly increasing number of people and with the technique of the sound film improving rapidly, it is very likely that attendance will continue to grow for some time to come.

The zenith of development has not yet been reached. A number of important improvements are now being experimented with or perfected which will further enhance the prestige of the industry. The application of color has already been made in one film with notable success, and its more general use in feature pictures will probably come during the next year. Devices to give the illusion of depth or third dimension to pictures are also well on the way, and the perfection of this will probably be the next big development in the motion picture field.

Talkies Reorganize Industry

The sudden development of the talking movies has had results of the highest importance on the industry not only in the sense that it has caused a revival from a state of lethargy, but simultaneously was the cause of spectacular shifts among the various units therein. Strangely enough it was a relatively small and unimportant concern that demonstrated the commercial feasibility of talking films, namely, Warner Brothers Pictures, Inc., with its Vitaphone system, and in order to benefit from its tremendous initial advantage in this field it had to overcome the handicap of lacking its own theatre outlets. Radio Corporation of America which also perfected a system of sound pictures, the Photophone, had practically no motion picture facilities and found itself in a similar position to Warner Brothers Pictures, Inc. Radio Corporation in addition found that at the time it was ready with its system, many of the large picture producers had already entered into contracts with Electrical Research Products Corp., a subsidiary of the Western Electric Company, Inc., for use of the Vitaphone and Movietone devices which this company controlled.

Warner Brothers Pictures, Inc., strengthened its position in the industry greatly through the acquisition of many exhibiting outlets. It owns most of the stock of the Stanley Company, and First National Pictures, and has friendly distributing agreement with Paramount Famous Lasky Corp. Radio Corporation of America, representing as it does the most powerful banking and business interests in the country, formed the Radio Keith Orpheum Corporation, in which it owns a large stock interest.

Thus, control of both film production and exhibition is now in the hands of a few large and powerful companies. Acquisition of chains of independent theatres last year and further mergers this year as well as affiliations between the large companies has left only a few small independent operators in the field. The movement toward concentration has crystallized rapidly, at first largely to insure a position of security in the industry but subsequently to place it on a more economic basis.

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GENERAL PUBLIC SERVICE
Conv. Deb. 5½'s '39

Profit Possibilities Attach to Investment Trust Convertible

By Francis C. Fullerton

CONTRARY to the trend of bonds as a group, convertible issues have steadily gained in favor as a financing and investment medium and the reasons for the increasing popularity of this class of securities are readily apparent. To the investor they offer the combined advantages to be found both in bonds and common stock to the extent that their distinguishing feature is the privilege to convert them into the equity shares of the issuing company. The conversion privilege is accorded a definite price or ratio and any enhancement in the value of the stock in excess of that price, reflecting the company's progress and increased earning power, correspondingly enhances the value of the bonds. In the event that conversion feature acquires a value such as to make it practically obligatory for holders to exercise their privileges, and this is quite frequently the case, the company accomplishes the equivalent of a refunding operation without recourse to borrowing, but through the issuance of additional stock.

It is to be borne in mind, however, that holders of convertible bonds frequently find themselves assuming the same risks as the stockholder, a situation resulting from appreciation in the value of the bonds to levels above the normal price at which they would be likely to be quoted on the basis of their income return. When this occurs the bondholder must determine his course by the same factors which would govern his judgment as a stockholder. While this may not be desirable from a strictly investment viewpoint, depending upon the needs of the individual, convertible bonds are nevertheless entitled to a place in a well constructed investment schedule.

Organized in 1925 for the purpose of holding and dealing in the securities of public utility and other companies, the General Public Service Corp. may be rightfully classed as an investment trust. The past several years have witnessed the almost feverish creation of huge investment trusts and security holding companies. The importance of the role being played by these organizations in present day investment and speculation is generally recognized and although they are not beyond the pale of criticism, such criticism as is being heard is directed largely toward those trusts of the "blind pool" type actively engaged in stock trading and which reveal only meagre information regarding their affairs.

The New York Stock Exchange recently permitted the listing of investment trust securities and one of the principal regulations governing the admission of such issues requires the company to furnish the Exchange with a complete list of its holdings together with other pertinent data. Hence, the purchaser of investment trust securities which have been accorded a listing on the New York Stock Exchange knows in advance that he will be able to keep in the same touch with company's affairs as would be possible in the case of railroad, industrial and public utility issues. The General Public Service Corp. was one of the first of the investment trusts to apply for listing and at the present time the Convertible Debenture 5½s 1939 and the common stock are being actively traded. Conclusions and opinions regarding the company and its securities may therefore be drawn on the basis of available data and without admitting of the same degree of conjecture heretofore necessary in order to determine the merits of the majority of investment trust issues.

While the corporate existence of the General Public Service Corp., in its present state dates only from December, 1925, actually its original inception took place about twenty years ago in the form of the Public Service Investment Company organized in 1909

Statistical Highlights General Public Service Corp.

Convertible Debenture 5½s 1939

Amount of Issue Outstanding	$10,000,000
Total Funded Debt	14,973,000
Company's Total Assets	48,000,000
Net Asset Value per $1,000 Debenture	3,200
Total Annual Interest Requirement	798,650
Interest Times Earned*	3+
Market Value of Securities held June 30, 1929	37,795,000
Cost of Securities held June 30, 1929	18,221,000
Difference	19,574,000

* Twelve months ended June 30th, 1929.

under the laws of Maine. Activities of the predecessor company were confined largely to purchasing and holding the securities of public utilities. During the intervening years the latter class of securities gained steadily in investment favor and in 1925 the management of the Public Service Investment Co. deemed it advisable to broaden and diversify the scope of the company's activities. Accordingly the General Public Service Corp. was organized and through an exchange of shares acquired substantially all of the outstanding stock of the Public Service Investment Co.

Capable Management

While capable management is a factor of prime importance in any enterprise, if anything, it is even more essential to an investment trust, dependent, as it is, solely upon the judgment and acumen of its directors and officers for its success. In that respect, the General Public Service Corp. is well endowed and its directorate includes an imposing group of executives and bankers of proven ability. Under the circumstances, confidence in the company's future is well founded.

As officially stated, it is the policy of the company to invest its funds principally in public utility equities and adherence to the public service principle is obtained by confining the selection of other investments to the equities of those companies providing a public need in a broad way. The ultimate choice of investment media is determined by careful investigation and the preparation of analyses under the supervision of the company's officers. It is evident that the essentials of sound investment procedure and the precautions necessary to protect the interests of the individual investor are present to a satisfactory degree.

The capital structure of the company is made up of a funded debt of $14,973,000, including the recent issue of $10,000,000 Convertible Debenture 5½s 1939, 270 shares of $5.50 preferred stock, 24,629 shares $6 preferred stock and 612,730 shares of common stock. The combined market value of the common and preferred stocks, based on current quotations, is in excess of $51,000,000, a substantial junior equity for the outstanding bonds.

The conversion feature embodied in the 5½% Debentures permits holders to convert their holdings into common stock of the company on a graduated downward scale at any time until 10 days prior to maturity or earlier redemption date. Conversion may be effected at the present time and until

(*Please turn to page 954*)

Bond Buyers' Guide

NOTE.—The following list of bonds has been arranged solely on the basis of current yields to maturity. The position of any issue is not intended as an indication of its relative investment merit. Readers should observe a proper diversification of commitments in making their selections from this list.

	Prior Liens (Millions)	Interest Times Earned on All Funded Debt	Call Price	Price	Current Income	Yield to Maturity
Panama 5½s, 1953 (a)	....	...	102½GT	101	5.4	5.4
Argentine 6s, 1959 (a)	....	...	100	99	6.1	6.1
Haiti 6s, 1952 (b)	....	...	100	99	6.1	6.1
Dominican 5½s, 1942 (a)	....	...	101G	93	5.9	6.4
Chile 6s, 1960 (a)	....	...	100	91	6.6	6.7

Railroads

	Prior Liens (Millions)	Interest Times Earned on All Funded Debt	Call Price	Price	Current Income	Yield to Maturity
Atchison, Top. & S. F. Conv. 4s, 1955	267.4	5.51	110	88	4.6	4.8
Pennsylvania 5s, 1964	....	3.25	102T	102	4.9	4.9
Illinois Central 4¾s, 1966	....	1.75	102½GT	95	5.0	5.0
Rock Island-Frisco Terminal 1st 4½s, 1957 (d)	....	X	102½T	92	4.9	5.0
Central Pacific Guar. 5s, 1960 (a)	....	2.25	105GT	99	5.1	5.1
Missouri Pacific 1st & Ref. 5s, 1977 (a)	125.2	1.28	105A	96	5.2	5.2
Western Pacific 1st 5s, 1946 (b)	....	1.27	100	97	5.2	5.3
N. Y., Chic. & St. L. Ref. 5½s, 1974 (a)	59.6	2.12	105	103	5.3	5.3
Wabash Ref. & Gen. 5½s, 1975 (a)	62.4	1.75	105AG	101	5.4	5.4
Great Northern Gen. A 7s, 1936 (b)	139.8	2.36	....	109	6.4	5.4
Central of Georgia Ref. 5½s, 1959	31.1	1.56	105AG	100	5.5	5.5
Chic. & W. Indiana 1st Ref. 5½s, 1962	49.9	1.50	105	100	5.5	5.5
Carolina, Clinchfield & Ohio 1st & Cons. 6s, 1952 (b)	13.9	X	107½T	106	5.7	5.5
Nor'n Pacific Ref. & Impr. 6s, 2047 (a)	166.7	2.43	110G	110	5.5	5.5
Balt. & Ohio Ref. & Gen. 6s, 1995 (a)	284.2	2.05	107½AG	108	5.6	5.6
Southern Railway Dev. & Gen. 6s, 1956	133.8	2.48	....	113	5.3	5.6
Minn., St. Paul & S. S. M. 1st 4s, 1938	....	1.59	....	84	4.8	6.5
Cuba R. R. 1st 5s, 1952	....	2.78	....	80	6.3	6.7

Public Utilities

	Prior Liens (Millions)	Interest Times Earned on All Funded Debt	Call Price	Price	Current Income	Yield to Maturity
Indiana Natural Gas & Oil Ref. 5s, 1936	....	2.62	....	101	4.9	4.8
Pacific Gas & Elec. Gen. Ref. 5s, 1942	34.6	1.92	105T	101	4.9	4.8
Consol. Gas of N. Y. Deb. 5½s, 1945 (a)	....	5.40	106T	105	5.3	5.2
Columbia Gas & Elec. Deb. 5s, 1952	....	5.15	105T	97	5.2	5.2
Detroit Edison 1st & Ref. 6s, 1940 (b)	14.0	3.27	107½T	107	5.6	5.2
Montana Power Deb. 5s, 1962 (a)	34.7	2.67	105T	97	5.2	5.2
Utah Power & Light 1st 5s, 1944	....	2.90	105	97	5.2	5.3
Hudson & Manh'n 1st Ref. 5s, 1957 (b)	5.9	2.63	105	90	5.6	5.7
Amer. W. Wks. & El. Deb. 6s, 1975 (a)	12.7	1.43	110	105	5.7	5.7
Postal Tel. & Cable Co. Tr. 5s, 1953	0.6	1.99	105	90	5.5	5.8
Seattle Electric—Seattle Everett 1st 5s, 1939 (d)	....	2.01	105	94	5.3	5.8
Phil. Rap. Trans. 6s, 1962 (c)	10.0	1.31	105	97	6.2	6.2
Twin City Rap. Transit 1st & Ref. 5½, 1952 (b)..(d)	4.4	1.68	105T	79	6.9	7.4

Industrials

	Prior Liens (Millions)	Interest Times Earned on All Funded Debt	Call Price	Price	Current Income	Yield to Maturity
Youngstown Sh. & Tube 1st 5s, 1978 (a)	....	3.74	105T	100	5.0	5.0
Gulf Oil Deb. 5s, 1947 (c)	....	4.59	104AT	100	5.0	5.0
Allis Chalmers Deb. 5s, 1937 (a)	....	4.61	103T	99	5.1	5.1
International Match Deb. 5s, 1947 (a)	....	57.03	103T	95	5.3	5.5
Amer. Cyanamid Deb, 5s, 1942	....	9.52	100	95	5.3	5.6
Chile Copper Deb. 5s, 1947 (a)	....	5.69	102T	93	5.4	5.6
Bethlehem Steel Cons. 6s, 1948	101.3	2.64	105	105	5.7	5.6
Sinclair Pipe Line 5s, 1942 (a)	....	3.68	103	92	5.4	5.8
B. F. Goodrich 1st 6½s, 1947 (a)	....	2.61	107A	107	6.1	5.9
U. S. Rubber 1st & Ref. 5s, 1947 (b)	2.6	1.70	105A	86	5.8	6.4
Loew's Inc., 6s, 1941 (ex-war.) (a)	....	6.70	105AT	92	6.5	7.0

Short Terms

	Prior Liens (Millions)	Interest Times Earned on All Funded Debt	Call Price	Price	Current Income	Yield to Maturity
N. Y., Chic. & St. Louis 2nd & Impr. 6s, May 1, 1931 (a)	17.3	2.12	102	100⅛	5.9	5.7
Amer. Cotton Oil 5s, May 1, 1931	....	19.32	105	98⅛	5.1	5.7
Brooklyn Edison 6s, Jan. 1, 1930 (a)	12.0	5.87	105	100½	5.9	5.9

Convertible Bonds

	Conv. Into	Interest Times Earned on All Funded Debt	Call Price	Price	Current Income	Yield to Maturity
Inter'l Tel. & Tel. Deb. 4½s, '39	Com.@200	6.02	102½	212	2.1	..
Atch., Top. & S. F. Deb. 4½s, '48	Com.@166.6	5.51	102	160	2.8	..
N. Y., N. H. & Hart. 6s, '48	Com.@100	1.69	...	135	4.4	3.5
Amer. Inter'l Corp. Deb. 5½s, '49	Com.@80	2.34	105	110	5.0	4.7
Chesapeake Corp. Col. Tr. 5s, '47	C & O@220	2.45	100	99	5.1	5.1

All Bonds are in $1,000 denominations only, except (a) lowest denomination $500, (b) $100.

A—Callable as a whole only. T—Callable at gradually lower prices. G—Not callable until 1930 or later. X—Guaranteed by proprietary companies. (c) Listed on New York Curb. (d) Available over-the-counter.

CHICAGO, ROCK ISLAND & PACIFIC

Attractive Possibilities in Rock Island

Efficiently Managed Property Gives Promise of Higher Earnings

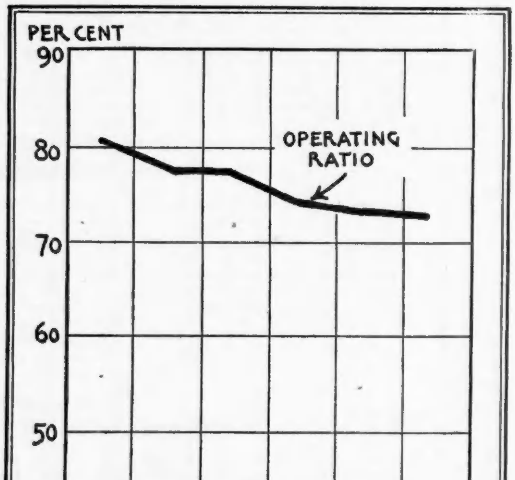
By JOHN C. CRESSWILL

THE outstanding developments entering into the affairs of the Chicago, Rock Island & Pacific Railway Company since 1923 are the uninterrupted increase in the volume of traffic, as well as the improvement in operating efficiency. The former consideration has found reflection in steadily increasing revenues, while improved operations have resulted in a sharp expansion in net income. Although consolidation prospects add further interest and to some extent strengthen the position of this grain carrier, its record in recent years would seem to indicate the ability of this road to function independently.

Important Terminals

A glance at the accompanying map indicates that the lines of the Rock Island System resemble the letter "W", with the open extremity at the eastern end of the system. The most important mileage extends from Chicago west, via Davenport and Des Moines, Iowa, and Omaha, Nebraska to Denver, Colorado; from Davenport via Kansas City, Missouri, and Topeka, Kansas, to Santa Rosa, New Mexico, and from the last named point via Tucumcari, New Mexico, to Memphis, Tennessee. Other lines extend from St. Louis to Kansas City and from Minneapolis, Minnesota, to Davenport.

At the close of 1928, the company reported in operation 8,082 miles of road. Early in 1926, the St. Louis-San Francisco Railway Co. acquired sufficient common stock of Rock Island to give the former working control. Aside from enjoying the influence of Frisco's capable management, the closer alignment between the two roads, undoubtedly strengthens the position of Rock Island by closing the gap between St. Louis and Memphis. Rock Island is well provided with terminal facilities in the City of Chicago. Here, via the Belt Railway it is able to make connection with most of the important railroad systems entering the city.



Traffic is fairly well diversified and the trend of revenue freight transported has been upward since 1923, when 29.6 million tons were reported. In 1928, 35.4 millions tons were reported, an increase of 5.8 millions or 19.3%.

Products of mines comprised the most important group of commodities transported, averaging 35.2% for the period under consideration. Tonnage of this group reflects the greatest increase, rising from 9,979,420 to 12,278,883 tons, an increase of 2,299,463 tons. This is largely due to increases in crude petroleum and clay and gravel, etc., especially the latter, which rose from 4,436,875 to 6,522,022 tons during 1923-1928. With the laying of pipe lines, as a result of more settled production in this region, it is quite conceivable that a further decrease in crude petroleum may be witnessed.

Manufacturers and miscellaneous ranked second in importance, averaging 26.0%. Revenue freight under this classification rose from 7,500,208 tons in 1923 to 10,339,067 tons in 1928, an increase of 37.9%. The greatest part of the increase in this group was due to refined petroleum products, which rose from 2 million tons to more than double that figure in five years. Products of agriculture which are dependent upon crop conditions, averaged 22.7%. The trend of this group is also upward, although naturally subject to some fluctuations. Freight hauls are fairly long, the average having been rising gradually from 251 miles in

1923 to the largest, 258 miles in 1928. The average revenue per ton mile, however, was less favorable in the period, dropping from 1.25c to 1.18c. This decrease is mainly due to the slightly longer haul and the disproportionately greater increase in products of mines. Approximately 62% of the total revenue freight transported by the Rock Island originates on its own lines.

Rising Operating Revenue

Passenger revenues decreased from $27,458,813 in 1923 to $20,059,597 in 1928, a reduction of $7,399,216. This was mainly due to a decrease of 24.6% in the number of passengers carried, as well as 5.8% in revenue per passenger mile. Notwithstanding the foregoing, total operating revenues rose from $130,403,085 to $141,232,603, for freight revenues offset the decline in passenger business, with an increase of $15,649,677. At the same time total operating expenses decreased from $104,990,136 to $103,266,340, which resulted mainly from a reduction of $2,555,571 in maintenance of equipment which declined from $29,153,666 to $26,598,095 and transportation expenses which decreased $3,870,123.

Maintenance of way increased from $15,669,451 to $19,173,523, a gain of $3,503,072. Although the foregoing expenditures per mile of road rose almost in direct proportion to the freight density per mile of road, other indications as well show that the property was adequately maintained. During the past five years 233 miles of road were laid with rail weighing 100 pounds to the yard or heavier, and the standard weight rail is now 110 pounds per yard. There was also laid approximately 9,100,000 ties, of which 98% were treated. New ballast was applied to 263 miles of road and in addition, 1,473 miles were reballasted.

The decrease in maintenance of equipment is mainly due to repairs to both freight cars and locomotives, as well as to charges in connection with the retirement of over 13,000 freight cars and 287 locomotives.

There are numerous indications of a distinct improvement in the operating efficiency of Rock Island. First of all there is the reduction in transportation expense. Although gross ton miles increased 24.2%, freight train miles reflected the disproportionately smaller increase of 1.71%, largely through an increase in the number of cars per train, which rose from an average of 32.5 in 1923 to 40.3 in 1928, an increase of 24%. Net tons per car rose from 21.8 to 22.6 tons and in consequence of the foregoing considerations, gross tons per train increased from 1,185 to 1,480, a gain of 295 tons or 24.5%. Nor were the heavier loadings attained at the expense of speed per freight train, for a gain of 1.5 miles or 12.7% was reported. Coal consumption declined considerably, falling from 214 to 161 pounds per thousand gross ton miles during the period under consideration. There was also a more rapid daily movement of freight cars on the lines of Rock Island. This indicator of traffic efficiency rose from 30.6 to 38.1 miles per day, an increase of 7.5 miles or 24.5%.

The increased traffic as well as the gain in operating efficiency resulted in a sharp increase in net railway operating income. The latter rose from $19,795,313 in 1923 to $29,513,204. During the same period other income rose from $1,795,449 to $2,176,500, so that despite an increase of $1,232,353 in interest charges, the balance available therefor increased from $14,964,686 to $24,883,232.

Higher Earning Rate

In other words, last year, Rock Island was able to report earnings of more than twice the fixed charges. Net income available for dividends increased from $4,481,502 to $13,167,696. After paying the regular dividends on the 6% and 7% preferred stocks which totaled $3,567,185 annually, as well as dividends on the common stock in 1927 and 1928, there was carried to surplus $25,949,821. The latter amount is equivalent to approximately $29 per share on the amount of common stock outstanding.

Investment in road and equipment increased from 373.3 millions at the beginning of the period under consideration to 242.7 millions as of December 31st, 1928, an increase of 69.3 millions. Of the foregoing increase 32.4 millions were due to the issue of additional mortgage bonds and $6,938,495 represented equipment obligations. The balance was due to surplus earnings and other reserves. Accrued depreciation arose from $16,742,431 to $32,168,349, a gain of $15,425,918. Corporate surplus increased from $19,635,157 to $36,861,366, an increase of $17,226,209.

Many improvements were made to the property and in addition new equipment was purchased. Five years ago the company reported 46,645 freight cars of 38.2 tons average capacity, last year the annual figures showed 42,858 freight cars of 40.6 tons aver-

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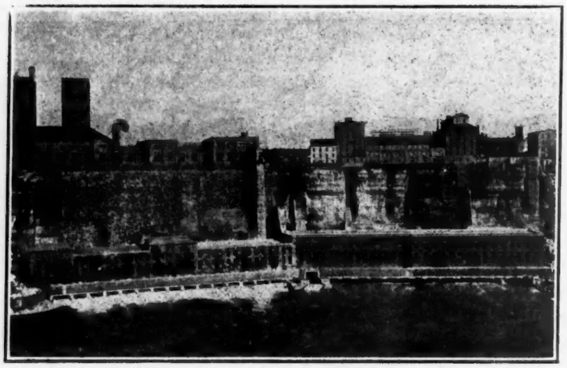
NIAGARA HUDSON POWER CORP.

New Power Corporation Has Vast Potentialities

Expansion of Large System Offers Growing Opportunity for Investment

By RUSSEL TAYTE

ONE of the important public utility super-holding companies evolving out of the movement this year for realigning the public utility companies operating in the eastern part of the United States is the Niagara Hudson Power Corporation. Through the acquisition of the common stocks of three large public utility companies with established properties in New York State, namely Buffalo, Niagara & Eastern Power Corp., Mohawk Hudson Power Corp., and Northeastern Power Corp., the newly organized Niagara Hudson Power Corp. occupies a dominant position in the Empire State outside New York City and the metropolitan district.



Schoellkopf Hydro-Electric station, Niagara Falls, N. Y.

Huge Expansion Possible

The scope of the corporation, however, may subsequently be enlarged to include also the densely populated New York City area. The linking up of New York City's electrical system with the up-State transmission lines will probably mean the further development of the extensive water power resources located there.

The recent acquisition of the Frontier Corp., controlling large hydro-electric sites on the St. Lawrence River capable of producing 2,400,000 horsepower has added a vast future source of power to the system. Nearly every important water power site in New York State is now controlled by Niagara Hudson.

The three utilities thus far under merger agreement with Niagara Hudson Power Corp. have been interconnected for some years so that their control under a unified management is a logical development. Dovetailing into each other, they form a compact system covering a large portion of the richest industrial and agricultural sections of New York State. Figuratively speaking, the three constituent systems of Niagara Hudson Power Corp. take the form of a three-leaf clover.

The lamina to the left of this three-leaf clover comprises the Buffalo, Niagara & Eastern Power Corp. This company, standing unique as one of the strongest and most strategically located public utility operating companies in the East, unquestionably holds a key position in respect to future development of the power industry in New York State. Through a subsidiary company, Buffalo, Niagara & Eastern controls the facilities of one of the countries greatest natural resources for hydro-electric development — Niagara Falls. The Buffalo, Niagara & Eastern system serves directly and indirectly a territory in western and central New York extending some 300 miles from east to west and about 100 miles from north to south, containing a population of over 2,000,000 and 500 communities spread over 18 counties. It serves directly 266,448 customers and sells wholesale power to other utilities and a number of municipal plants. The system is chiefly hydro-electric, 624,700 h.p. of its total installed capacity of over 1,000,000 h.p., being of this type; 340,000 is steam-electric, and 100,000 h.p. is hydro-electric reserve which is not used at present because of treaty restrictions on the amount of water which may be diverted at Niagara Falls for power purposes.

The Greatest Market

While the greatest market for the company's output lies in the industrial section known as the Niagara area, embracing the cities of Buffalo, Niagara Falls, Tonawanda, North Tonawanda, and Lackawanna there is also considerable industrial development in Jamestown, Olean, Batavia and other communities where the company serves directly. The city of Syracuse, while served by another utility company, the Mohawk Hudson Power Corp., receives its entire power supply from the Niagara lines, and a considerable amount of the power used in Rochester, Auburn, Geneva, and lesser communities also comes from Niagara.

Industrial development of this territory has proceeded at a rapid pace. Niagara Falls has long been a world center of the electro-chemical and electro-metallurgical industry. The steel industry is firmly intrenched in Buffalo, Lackawanna, and Tonawanda, while the airplane, cement and milling industries are developing rapidly. Jamestown has become known as a furniture center, while Olean is headquarters for the southwestern New York oil industry. From the standpoint of electric power used, metals and alloys, chemicals and dyes, steel and iron, abrasives and paper manufacturing, in the order named, are the largest industries in the company's territory.

Properties Interconnected

Mohawk Hudson Power Corp. forms the lamina to the right of the Niagara Hudson three-leaf clover. In point of electric output, Mohawk Hudson Power produces only about one-fourth as much as Buffalo, Niagara & Eastern, but the former is also a large manufacturer and distributor of gas. Gross revenues of the two systems last year were about equal. The Mohawk Hudson system covers the central portion of New York State extending from Syracuse eastward to Albany and Troy, covering the entire Mohawk Valley and the upper Hudson Valley and containing many important industrial centers, such as Utica and Schenectady, as well as a large farming area. At the end of 1928, the electric customers numbered more than 296,000 while approximately 247,000 customers were served with gas. Many diversified industries are served in this territory, the most important being textile and allied lines, and electrical equipment.

Components of Niagara Hudson Power

	Mohawk Hudson Power Co.	Buff., Niagara & Eastern Power Corp.	Northeastern Power Corporation	Consol. Figures for Three Companies
1928—Gross	$34,545,662	$33,960,529	$10,123,619	$78,629,810
Net to common.	3,023,536	5,964,823	2,862,247	11,850,606
1927—Gross	31,227,432	31,436,070	NF	NF
Net to common.	1,558,111	4,592,699	NF	NF
1926—Gross	29,571,874	28,554,318	NF	NF
Net to common.	1,756,138	4,045,995	NF	NF
Output 1928:				
Electricity K.w.h...	1,103,323,562	4,436,504,000	636,746,000	6,176,573,000
Gas cubic feet	7,088,752,000	....	454,160,000	7,542,912,000

NF—Not available.

Finally, the third or upper lamina to the Niagara Hudson clover leaf is the Northeastern Power Company. This system occupies a strategic position in up-state New York with properties extending from Oswego and Rome on the south, northward over a wide territory to the St. Lawrence River and thence eastward to the border of Quebec, and includes such cities as Watertown and Malone. From the viewpoint of gross revenues, it is only about one-third the size of either of the other two systems included in the Niagara Hudson combination. Northeastern Power formerly owned a substantial interest in New England Power Association common stock, but last year sold this stock at a large profit. The output of electric current has shown large annual increases, in 1928 being 46% over the 1927 output.

May Eventually Include New York City

Formation of the Niagara Hudson Power Corp, represents the latest step in consolidating electric properties in New York State into a large unified system. The three companies involved in the present plan were organized in 1925 to promote greater operating efficiencies through correlation of their component parts. The latest step carries the original intentions of the managements a good deal higher, for it now permits complete coordination and correlation of the integral parts of the three systems as a whole.

The Northeastern Power system is an important link in this grouping for it has undeveloped water power resources capable of developing more than 2,000,000,000 k.w.h. annuallv, for which a market can readily be found in the territory served by Buffalo, Niagara & Eastern and the Mohawk Hudson Power Corp.

A logical development would be the linking up of this new superpower system with the electric systems in the metropolitan area. Such a step may eventually result in an affiliation of the electric properties serving the metropolitan area with Niagara Hudson Power Corn The latter company's subsidiaries already extent southward close to the boundaries of Westchester and interconnection between the two systems could easily be made. Situated in this intervening territory are the properties of the Central Hudson Gas & Electric Co. in which Niagara Hudson has recently acquired a 25% interest.

Particularly to the metropolitan companies this arrangement offers advantages. It would permit the interchange of power and might eventually result in a considerable amount of energy being supplied from up-state hydro-electric resources, as well as from Niagara Falls and the St. Lawrence development when this is finally started.

Capitalization Simple

Niagara Hudson Power Corp. has a simple scheme of capitalization, having outstanding only common stock and two types of option warrants to buy common stock. Under the terms of acquisition of the constituent companies, each share of Buffalo, Niagara & Eastern common stock was exchangeable for four shares of Niagara Hudson common and one class "A" 15-year option warrant to purchase one share of common stock at 35. Mohawk Hudson Power Corp. common was exchangeable for 3½ shares and ⅞ of a class "A" option warrant, Northeastern Power Corp. common for 2 2/3 shares and ½ Class "A" option warrant. For each option warrant of the Mohawk Hudson Power Corp. there was offered in exchange ⅞ of a class "A" option warrant of Niagara Hudson and a class "B" option warrant entitling the holder to purchase on or after October 1st, 1929, without limit at a price of $50 for 3½ shares of common stock of Niagara Hudson Power Corp.

According to the latest information available, most of the above securities have been deposited for exchange. Giving effect to complete exchange of subsidiary stock for those of Niagara Hudson Power Corp, there would be 25,102,351 common shares of $10 par value outstanding, as well as 8,212,029 class "A" option warrants, and 249,-

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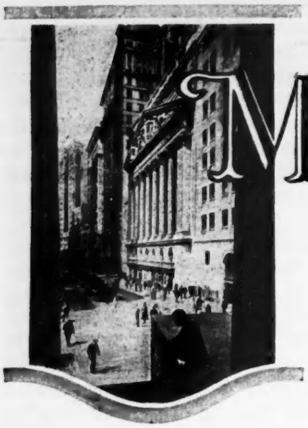


Market Indicators

Factors That Will Affect Your Stocks

THE expected happened when Bethlehem Steel announced an offering of new common stock intended to supply funds for retiring a substantial part of the corporation's bonded debt. Shareholders will be permitted to subscribe to 800,000 shares of common stock at $110 a share in the ratio of one new for each three now held. It is the announced intention to use all of the 88 million dollars thus obtained to cut down outstanding bond issues. The effect of this operation will be to leave Bethlehem with a minor amount of bond maturities over the next few years and to enhance the equity of the common stock in assets and earnings. An increase in common dividends now appears contingent upon the course of the steel industry after the significance of the present lull can be more fully appraised.

* * *

UNFILLED orders on the books of the U. S. Steel Corporation suffered a much sharper drop than had been looked for. The loss of 429,966 tons for the month of August was the largest since May, 1928. Efforts to maintain an unusually high rate of operation over the Summer period at the expense of previously accumulated orders is held to signify that the steel industry, as well as numerous other lines affected with a seasonal complex, is making substantial progress toward the elimination of undesirable periodic fluctuations in activity. Such a tendency, if it should prove to be permanent, would plainly enhance the investment quality of representative stocks in the affected industrial groups.

* * *

ACQUISITION of Donner Steel, one of the lesser and not so well known companies, by the Eaton interests, is held to foreshadow the long awaited merger of leading independent steels. Republic Iron and Steel is regarded as the most likely nucleus for such a combination which might ultimately embrace Central Alloy, Inland and Youngstown.

* * *

THE successful round-the-world flight of the Graf Zeppelin has apparently stimulated American endeavors to establish lighter-than-air craft as a factor in the transportation industry. Present plans, still merely tentative, contemplate the establishment of service between Hawaii and the Pacific Coast. The Goodyear Zeppelin Company, subsidiary of Goodyear Tire & Rubber, as the chief domestic manufacturer of this type of aircraft, would experience a substantial expansion of business should such lines be developed. Earnings for the parent company from this source, however, are still decidedly more prospective than real.

* * *

GENERAL MOTORS' versatility has found a fresh field for exploitation. The reported arrangement, not officially confirmed, whereby the motor company would employ its widely flung automobile agencies for the distribution of Radio Corporation's talking machine and radio products would doubtless prove of marked advantage to both companies. In General Motor's case, it would carry out the idea of the steel industry, previously referred to, of smoothing out seasonal fluctuations in business by supplementing the dull Fall and Winter automobile demand with a seasonally active trade in radio whose slack period coincides with the peak of the motor buying movement in Spring.

* * *

BALTIMORE & OHIO'S gross revenues for the first seven months of the current year reached 141.46 million dollars, somewhat less than previous records, but net operating income rose to 27.67 millions, running well ahead of the record for 1926. Indications are that the road will earn between $12 and $14 a share for the common stock this year. An increase in the present $6 dividend before long would not prove surprising.

* * *

INTERNATIONAL TELEPHONE & TELEGRAPH reports gross earnings of 49.85 million dollars for the first half of the current year, and net income available for common dividends of 7.81 million dollars. Some idea of the expansion of this aggressive public utility may be gained by comparing these figures with those for the corresponding period of 1926 when gross amounted to a trifle more than 9.96 million dollars and net income was barely 2.80 millions.

* * *

EVIDENTLY, the sponsors of Gold Dust Corporation do not intend to let slip any opportunities for expansion of that company's activities when suitable opportunities for desirable acquisitions are presented. Recently, Gold Dust acquired 46,000 shares of Beech-Nut Packing Co. common stock from the United Cigar Stores Co.

* * *

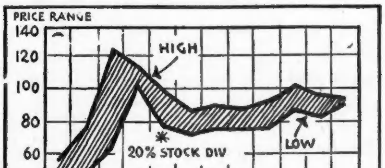
IT has been unofficially reported that Montgomery Ward will shortly take over Hartman Corp. through an exchange of stock. Such a step would be in line with the policy of the mail order houses, since Hartman controls a number of furniture and carpet stores, operating in the Middle West. Sears, Roebuck has also been reported as angling for additional retail, or department store properties. The success of the mail order venture into the retail store field has encouraged these companies to extend their activities further in this direction.

Profit Opportunities Among the Specialty Stocks

The specialty stocks are those which cannot be identified with any of the major industrial classifications and hence are eliminated from group considerations. As a consequence they frequently escape deserved attention from investors. Yet commonly attractive possibilities for price enhancement are to be found among companies of this type. We have selected certain of the strongest and most favorably situated for profitable investment.

The Liquid Carbonic Corp.

LIQUID Carbonic belongs to the more speculative type of specialty, although developments in relation to the company's activities within the recent past indicate that the company has substantial potentialities. The present corporation was organized in 1926 succeeding to a business of thirty-eight years' standing. The predecessor company started functioning with but $75,000 of capital, but by reinvestment of surplus earnings, Liquid Carbonic has reached a dominating position, being now the largest manufacturer and distributor of soda fountains and carbonic gas, and an important producer of bottling machinery and bottlers' extracts.



The predecessor Illinois corporation had an impressive, even though decidedly variable, earnings record. From 1916 through 1920, net income steadily increased, reaching 1.26 million dollars in the last named fiscal year. The next three years resulted unsatisfactorily, with deficits in the 1921 and 1922 fiscal periods. An irregular expansion was then once more experienced and in the twelve months ended September 30th, 1928, the present company's net was back to 1.23 million dollars, equivalent to $7.05 a share for 174,587 shares of common then outstanding.

Liquid carbonic gas is employed principally in the manufacture of carbonated beverages so that the company's business has been stimulated by the gradual growth of the soft drink industry in recent years. Among its leading customers are numbered such concerns as Canada Dry Ginger Ale, Clicquot Club, S. S. Kresge, Union News Co. and United Cigar Stores. The installation of lunch and soda fountains by the chain store systems has been a contributing factor in swelling income.

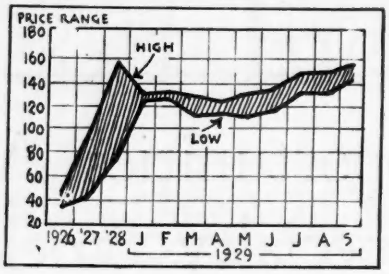
Other fields in which carbonic gas is employed include the seasoning of shingles, the manufacture of explosives, the production of carbonic cartridges as a substitute for dynamite in coal mining, for sundry purposes in the chemical industry, in the manufacture of fire extinguishers where carbon dioxide is the desired agent, and as a refrigerant in cooling theatres and on ships.

The company would thus appear to have a fairly well diversified market for its products, but probably the most interesting aspect of its activities, and one which appears to hold forth considerable promise from an earnings standpoint over the course of time, is the relatively recent affiliation with Dry-Ice Corporation of America. The latter controls the manufacturer of "Dry-Ice," which is carbonic gas solidified. This product has numerous advantages as a refrigerant, and while its success as a commercial product has been established, the possibilities apparently have only begun to be exploited.

Liquid Carbonic is cooperating with the Dry-Ice Corporation, in which it owns a one-fourth interest, to develop this new industry. Some plants have already been erected in connection with the Liquid Carbonic properties and additional units are planned. Aside from the venture into this promising field, the company has gradually increased manufacturing and distributing facilities through the purchase of other concerns, the most important of these being the absorption of General Carbonic Corp. late last year. The latter's plants opened up new territory, but a large field for future expansion is still available.

Elimination of funded debt last January strengthened the position of the common and left the 311,131 shares of common stock, presently outstanding, as the sole capital obligation. As of March 31st, 1929, the company reported a comfortable working capital position. This account was doubtless improved as a result of the sale of new stock to shareholders last May. In the first half of the 1929 fiscal year, normally a season of small profits, Liquid Carbonic reported net income equivalent to $1.06 a share for the common, compared with but three cents a share in the first half of the 1928 fiscal period. *Making due allowance for the semi-speculative character of the stock, it appears one of the more attractive specialties at current levels around 89 where the present $4¼ dividend affords a yield of 4.8%.*

American Bank Note Co.



THE bull markets of the past few years have played a considerable part in stimulating the business of American Bank Note. As the dominant factor in the securities engraving field, the company has benefited substantially from the steady expansion of public interest in stock market activities, represented on the one hand by an increasing rate of turnover in stocks, and on the other in the constant additions to listings upon the principal exchanges, especially the New York market. An increased emission of interim and temporary certificates attending voluminous new financing and the trend toward simplification of capital structures have likewise contributed their due quota to demands upon the engraver's art.

The great demand for stock and bond certificates lead American Bank Note to expand its production facilities in the early part of the current year through a large addition to the New York City plant. Security engraving, however, though one of the principal phases of the company's business, is supplemented in a substantial way by postage and revenue stamp and paper currency engravings for numerous foreign countries. A general engraving and lithographing business, including the manufacture of commercial forms, checks and the like, round out production.

Always a consistent earner, American Bank Note's income has shown particularly pronounced gains since 1925. In 1926, for example, net profits amounted to 2.24 million dollars. In 1927, the company reported a balance of 2.79 million dollars available for preferred and common dividends, while there was a further gain last year to 3.21 millions. In terms of net per share for the common stock, the earnings for these years were $3.99, $4.26 and $4.97 respectively.

The maintenance of a strong financial position has enabled the company to deal liberally with shareholders in the past. For this reason, and because of the favorable outlook for all branches of the business, there has lately been some speculation as to the possibility of further stock dividend payments in the near future. As of June 30th, 1929, American Bank Note had 9.04 million dollars of current assets of which 4.24 millions were cash, call loans and marketable securities. Current liabilities amounted to 1.91 million dollars, comprising only ordinary running accounts. In other words, the company has no bank loans, and, for that matter, no funded debt.

The reports of a pending stock dividend were unofficially scouted recently, but it appears probable that the regular $2 cash payment will be supplemented by extras as in the past three years. Whether such extras will exceed the customary $1 is problematical, although the ample cash resources and net profits of $2.20 a share for the common in the first half of the year, which compares with $1.77 a share in the like period of 1928, might be considered suggestive in this respect. *At current levels around 141, the $3 cash dividend affords no greater incentive to purchase for yield, but since American Bank Note is typical of the soundest corporations, having substantial potentialities, immediate income return is a secondary factor, amply compensated by the probability of market price appreciation over the longer term.*

Corn Products Refining Co.

CORN PRODUCTS, specializing in the manufacture of glucose, starch, corn oil and syrup, is but another example of leading corporations that have adapted their operations to the modern policy of diversification, either through expansion in other lines or by the development of new markets for their products in their chosen spheres. Originally, Corn Products sold its output in bulk. Later on, specialties were developed and these brands are now sold under the well-known trade names, "Mazola" oil, "Karo" syrup, "Argo" and "Linit" starch, "Cerolose," a pure white refined sugar competing with the cane variety, and "Zuma," a liquid chocolate compound. The market for these products has been strongly established with stable industries like the confectionery, baking and grocery trades.

The company has always shown a consistently profitable record of operations, even though fluctuations in the principal raw material market, corn, and in the price of the competing finished product market, sugar, have caused its annual net income to vary rather widely at times. In keeping with present day practice, Corn Products has expanded its domestic production facilities, at the same time establishing plants abroad, to supply a widening market. Subsidiaries operate in France, Germany and the Argentine, with an additional unit under way in Brazil and another planned for Japan.

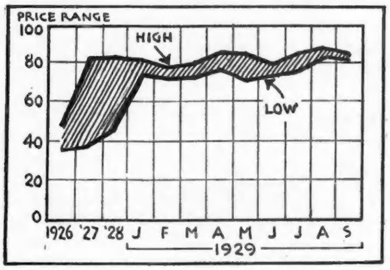
Supporting this program of expansion in manufacture, the company has likewise enlarged its field of distribution by developing new uses for its products. Thus, the rayon industry consumes a substantial quantity of Corn Products' starch and corn sugar. A special starch, employed in combination with water and sand, is used for moulding operations in the iron and steel industry, while a by-product has found extensive use as a base in the making of butyl alcohol, utilized as a solvent in the "Duco" types of paints. Quite recently, the purchase of a group of New England grain companies added four large milling plants, producing dairy and poultry feeds, and forty retail stores, to the Corn Products' fold.

Abundantly supplied with working capital — this item stood at 50.59 million dollars as of December 31st, 1928—Corn Products has maintained a liberal dividend policy. Last year, the common stock received cash payments of $3.50 a share, compared with net profits of $4.35. As a result of the further expansion of earning this year, net being equivalent to $2.36 a share for the common in the first half contrasted with $2.03 in the corresponding period of 1928, dividends were increased to $'

a share regular and an extra of 50 cents was paid in June.

In relation to current yield and present earning power, Corn Products' common stock around 114 is obviously selling at a generous price level. *Its desirability, therefore, rests more largely upon the prospects for longer range expansion of net profits and hence further dividend increases, which are promising, than upon nearby possibilities.* However, another factor to be taken into consideration, is the company's substantial holding of marketable securities. This item, according to the 1928 balance sheet, made up 32.21 million dollars of the 57.63 millions of current assets which also included 5.6 million dollars in call loans. Inasmuch as some portion of this investment account is understood to include rails like New York Central, Southern Railway, Union Pacific and the like, Corn Products might also be classed as a quasi-investment trust whose security holdings constitute an additional source of strength.

General Refractories Co.



THIS year's unprecedented activity in the iron and steel industry promises to bring General Refractories earnings to record proportions. Even with due allowance for a possible slowing down of the steel trade, it is unlikely that this specialty company's business would be affected unless such a recession should be prolonged.

Operations comprise the manufacture of fire brick and clay, magnesite and silica bricks. These refractory materials are employed where high temperatures are encountered and hence find extensive use as the principal fabric employed in the making of furnaces, stacks and retaining vessels used in the manufacture of iron and steel, as well as the refining of copper. Naturally, a high rate of operations in the steel and copper industries must result in the rapid wear of furnace linings and hence a rising demand for refractory bricks. A lull in activity would doubtless be utilized for replacements postponed during the period when the mills are operating under pressure so that a leading manufacturer of refractory materials like General Refractories should experience a continuation of good business even through a season of lower steel operations. In recent years, the company has also developed a more extensive business in the railroad field in supplying fire brick for locomotive arches.

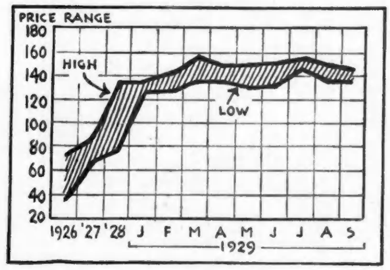
Capitalization is an acme of simplicity, consisting solely of 300,000 shares of no par common stock, funded debt having been eliminated early in the current year. As of June 30th, 1929, net tangible assets available for the common stock were equivalent to slightly more than $70 a share. Current assets, at that date, amounted to approximately five million dollars while current liabilities totaled but $440,409.

Earnings in former years were quite variable, although the present organization, formed in 1922, as well as the predecessor companies, experienced only two unprofitable years between 1913 and the present time. The deficits of 1921 and 1922, of course, reflected the general state of business in those years and the depression in the steel industry.

Since 1924, net income has tended generally upward. In 1925, the company reported a balance of $5.19 a share available for the common stock and in 1928 earned $6.11 a share. Operations this year, from all present indications, will result in materially higher per share income. Net in the first half of 1929 rose to $4.14 a share compared with $2.22 in the same period a year ago, an increase in part attributable to improvement in production costs as well as expanding business.

Extras of 50 cents a share have been paid during the last two quarters in addition to the regular 75 cents disbursement so that the stock, to all intents, is on a $5 annual dividend basis, yielding 5.9% on the basis of current price levels around 84. *At this figure, though primarily speculative, it appears attractive from the standpoint of nearby earnings prospects.*

The Lambert Co.



LAMBERT presents an interesting subject for analysis not alone from the standpoint of the stock's market possibilities but also because of the company's rather unusual financial set-up and other peculiar characteristics. The Lambert Company is a holding corporation, now controlling all but 4.2% of the capital stock of its manufacturing subsidiary, the Lambert Pharmacal Company and having complete ownership of Lambert & Feasley, Inc., an advertising agency whose function is to carry on the organization's extensive advertising campaigns.

The operating company has been in business for nearly a half century and has always enjoyed a constantly expanding business, founded on the manufacture of "Listerine," a popular and familiar household antiseptic. This product, comprising practically the whole of the company's output for many years, found a steadily growing market, but since 1921, when the present aggressive advertising policy was adopted, gross and net income has expanded remarkably as demonstrated by the fact that Lambert's earnings have more than doubled in every two-year period.

In later years, new products have been developed, apparently with a degree of success comparing favorably to that attained in the case of "Listerine." The newer items include toothpaste, shaving cream and throat tablets. Efforts are now being directed toward the development of foreign markets on a more ambitious scale.

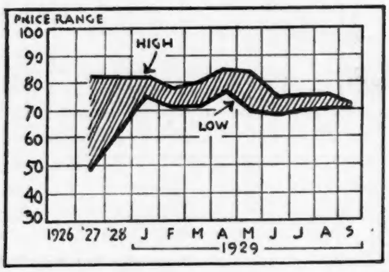
Owing to a rapid sales turnover, only a small percentage of the company's capital is tied up in inventories. Good-

will, despite the obviously high value of the Lambert trade name, is carried at the nominal value of $1 and because of the nature of its business only a small investment in capital assets is required to support activities. Accordingly, a peculiarly liberal dividend policy is justified and the disbursement of profits may safely run at a higher ratio in relation to earnings than is the case with the great majority of corporations. A relatively low cost of production constitutes one other feature of the company's business while selling expenses are largely confined to advertising, since the demand created through the printed word has permitted maintenance of the unusually small force of but twelve salesmen for the entire country.

Lambert's capitalization consists simply of 698,996 shares of no par value common stock on which the company earned net profits of $5.28 a share in the first half of the current year. For the full twelve months last year, net income was equivalent to $8.92 a share against $6.91 the year before.

A split-up of the present stock appears a reasonable possibility and would doubtless be followed by an increase in cash dividend payments, now at the rate of $8 a share. *At prevailing levels around 138, Lambert common yields a comparatively liberal return and seems considerably out of line, particularly in relation to stocks of comparable merit and earnings possibilities.*

Texas Gulf Sulphur



TEXAS GULF SULPHUR, for a long period one of the most popular specialties marketwise, in recent months has moved so sedately as to try the patience of its followers. The apparent disfavor into which the stock has fallen would appear to be a temporary condition, however, since the company's outlook is promising.

The rapid rise of Texas Gulf's earnings and hence appreciation in dividend disbursements and market valuation in the brief span of the past eight years constitutes a record unique even in the annals of mining companies. It would be illogical to except a continuation of the earlier rate of expansion, but on the other hand, there are no indications that the company has reached the limit of profit-making possibilities.

Whatever uncertainty may have surrounded the probable life of sulphur reserves has been dispelled by the development of Boling Dome. Prior to 1927, Texas Gulf's Matagorda Dome was regarded as the world's largest deposit but owing to rapidly expanding output and shipments, there was a possibility that the life of this property might be limited to the next ten years. However, in the fore part of 1927, a contract was made with the Gulf Oil Co. whereby Texas Gulf has the exclusive right to explore and develop the former's sulphur properties along the Gulf Coast.

Texas Gulf must first be reimbursed from earnings for its investment in developing these deposits and thereafter net income from the properties under contract is to be divided equally between the two companies. In 1928, a further interest in Boling Dome was acquired from the Sun Oil Co. thereby eliminating the possibility that the latter might become an active competitor in this field.

Because of the company's strong financial condition, it has been enabled to bring the development of Boling Dome to fruition entirely out of surplus earnings. Upwards of ten million dollars have been so expended. The production of sulphur from the new reserve is now under way, an achievement in itself rather remarkable in that the necessary construction work at Newgate, Texas, was completed in the span of approximately two years.

Inasmuch as Texas Gulf Sulphur must first be reimbursed for its expenditures before the profit sharing arrangement with Gulf begins to operate, working capital should accumulate rapidly from now on. Accordingly, aside from the fact that the probable life of the company has been materially extended by the Boling Dome development, the shares occupy an interesting position because a further improvement in earnings could be more readily translated into larger dividend payments. In the first half of this year, net increased 31 cents over the $2.62 reported

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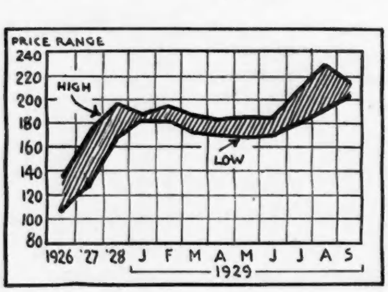
Eastman Kodak Co.



EASTMAN is one of a limited number of specialties which enjoy a position well nigh bordering upon the monopolistic. Competitors have never successfully challenged the company. In fact, in former years, Eastman was required to dispose of some of its assets under governmental pressure on the ground that certain of its activities were actually in the nature of monopoly. Fundamentally, its status was in nowise impaired and these incidents are now of interest only because they indicate the exceptionally strong trade position Eastman holds.

The "Kodak" trade name is known in practically all quarters of the globe. The production of photographic materials is carried on in the United States, France, England, Canada, Australia, Hungary and Germany through subsidiary companies. Distribution is likewise accomplished through subsidiaries which operate extensively at home and abroad.

An exceptionally stable earning power and eminently strong financial condition are among Eastman's most prominent characteristics. For some years, up to 1922, the company made substantial annual additions to plant and equipment, obviously to keep pace with a constantly expanding market for the older products

manufactured. During this same period, up to 1923, an ultra-conservative dividend policy resulted in the rapid accumulation of cash resources. In later years, these tendencies have been reversed. Dividend payments have been covered by a comfortable margin, but, at the same time, have absorbed most of the reported per share income. Thus, from 1925 to 1928, net earnings fluctuated only between $9.50 and $9.61 a share for the common, which is preceded by 6.16 million dollars of 6% preferred stock while dividends were being paid at the rate of $8 a share, including the customary $3 extra.

Net working capital, after mounting steadily to new high levels, at the close of last year was down from the 1926 peak at 63.45 million dollars to 50.77 millions, the last named figure including 29 72 millions cash, call loans and securities. Plant account, meanwhile, jumped to 60.73 millions compared with 39.74 at the end of 1926 and 34 67 millions at the end of 1922. Evidently, the company has been diverting some of the excess working capital to investments in production facilities.

This renewed expansion in plant is traceable to the development of new products and new processes, including the "Rekordak," a device employed by banking institutions for photographing checks as a safeguard against forgery, educational or teaching films, the development of "Kodacolor" which enables amateur photographers to take and project motion pictures in natural colors, and a new method of tinting commercial motion picture films.

Eastman Kodak common stock has always enjoyed, and been justly entitled to, a high investment rating in view of the company's outstanding strength and consistent earnings record. At current levels around 200, however, the shares might be said to have a limited appeal but for the probability that expansion in earning power, which had been at a slower rate in late years than during the period prior to 1912, seems likely to be accelerated again. The new products have opened up broader markets in both amateur and commercial fields. Such acceleration of earnings, in Eastman's case, could readily be passed along to shareholders, following completion of the 15 million dollar building program begun last June and in connection with which the company has offered stockholders new common in the ratio of one share for each ten held, owing to the very comfortable working capital position and the accumulation of a profit and loss surplus now in excess of 77.99 millions. As an investment of the long pull variety, therefore, the shares are worthy of consideration.

Preferred Stock Guide

NOTE: The following list of preferred stocks has been arranged solely on the basis of current yields. The position of any stock in the Guide is not intended as an indication of its relative investment merit. Readers should observe a proper diversification of commitments in making their selections from this list.

Railroads

	Div. Rate $ per Share	Earned $ per Share 1926	1927	1928	Redeemable	Recent Price	Yield %
Norfolk & Western	4 (N)	160.35	133.40	133.73	No	87	4.6
Union Pacific	4 (N)	41.17	39.85	46.32	No	84	4.8
Atchison, Top. & S. Fe	5 (N)	48.83	40.47	40.21	No	102	4.9
Southern Railway	5 (N)	39.33	36.17	32.11	100	96	5.2
Pere Marquette Prior	5 (C)	68.77	64.08	75.60	100	95	5.3
Baltimore & Ohio	4 (N)	48.41	38.44	49.44	No	76	5.3
St. Louis Southwestern	5 (N)	12.00	9.30	8.84	No	90	5.5
Wabash "A"	5 (N)	11.86	6.87	9.24	110	90	5.6
N. Y., New Haven & Hart	7 (C)	....	22.05	34.40	115	123	5.7
N. Y., Chicago & St. Louis	6 (C)	24.65	20.31	17.68	110	106	5.7
Colorado & Southern 1st	4 (N)	52.56	57.76	49.45	No	69	5.8
Colorado & Southern 2nd	4 (N)	48.50	53.76	45.46	No	70	5.8
Kansas City Southern	4 (N)	10.86	9.04	14.01	No	66	5.9
**St. Louis, San Francisco	6 (N)	16.12	15.28	17.44	115	93	6.5
Missouri, Kans. & Tex	7 (C)	....	13.06	16.34	110	104	6.7

Public Utilities

	Div. Rate $ per Share	1926	1927	1928	Redeemable	Recent Price	Yield %
Public Service of New Jersey	8 (C)	§21.46	§16.28	20.92	No	151	5.3
Columbia Gas & Electric	6 (C)	27.81	25.42	30.78	110	107	5.6
Philadelphia Co.	3 (C)	24.20	28.23	16.55	No	52	5.8
American Water Works & El.	6 (C)	22.63	24.30	31.05	110	101	5.9
Federal Light & Traction	6 (C)	41.51	39.67	49.93	110	100	6.0
Standard Gas & Electric	4 (C)	20.00	16.76	14.07	No	65	6.2
Hudson & Man. R. R. Conv	5 (N)	40.32	40.70	37.02	No	77	6.5
Electric Power & Light	7 (C)	13.83	16.21	17.00	110	107	6.5
Continental Gas & Elec. Prior	7 (C)	26.28	32.71	22.39	110	103	6.8
Postal Tel. & Cable	7 (N)	....	....	7.19	110	103	6.8
Amer. & Foreign Pow. 2nd	7 (C)	8.89	3.58	5.33	105	98	7.1

Industrials

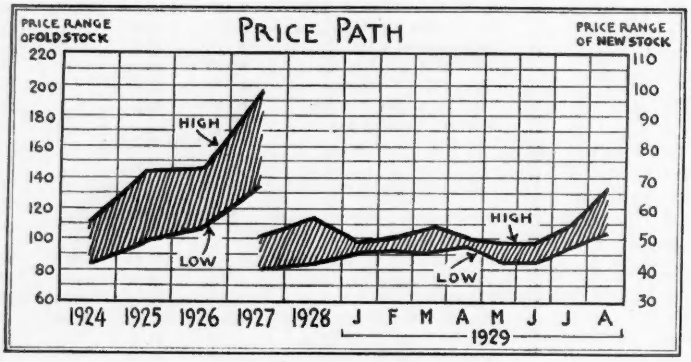
	Div. Rate $ per Share	1926	1927	1928	Redeemable	Recent Price	Yield %
Mathieson Alkali Works	7 (C)	67.86	74.06	84.50	No	123	5.7
Bethlehem Steel Corp	7 (C)	20.84	16.32	19.16	No	123	5.7
Case (J. I.) Thresh. Mach	7 (C)	29.39	35.43	32.59	No	122	5.8
Baldwin Locomotive	7 (C)	29.42	12.21	1.66	125	119	5.8
General Cigar	7 (C)	51.26	67.32	62.81	No	117	5.9
Deere & Co.	7 (C)	23.22	25.74	29.52	No	118	5.9
International Silver	7 (C)	24.39	30.82	27.48	No	118	5.9
Brown Shoe	7 (C)	29.69	44.12	35.27	120	116	6.0
Spicer Mfg. Conv	3	58.54	74.42	26.00	57½	50	6.0
Bush Terminal Buildings	7 (C)	‡	‡	‡	120	114	6.1
American Locomotive	7 (C)	20.88	16.60	10.83	No	115	6.1
Goodrich (B. F.) Co	7 (C)	13.96	39.19	10.36	125	113	6.2
Crucible Steel	7 (C)	26.19	22.47	22.54	No	112	6.3
Bucyrus-Erie	7 (C)	....	....	39.34	120	112	6.3
American Sugar	7 (C)	14.08	7.97	14.60	No	108	6.5
Associated Dry Goods 1st	6 (C)	27.67	24.10	24.55	No	91	6.6
Radio Corp. of Amer.	5 (C)	....	....	5.36*	100	76	6.6
General Cable Co	7 (C)	27.69	25.72	25.92	110	105	6.6
Bush Terminal Debentures	7 (C)	16.81	18.88	20.55	115	105	6.6
Glidden Co. Prior	7 (C)	23.91	32.69	32.69	105	105	6.6
Tidewater Assoc. Oil conv	6 (C)	13.35	7.35	19.49	105	89	6.7
U. S. Smelting, Ref. Mng	3.5 (C)	6.25	6.28	8.43	No	52	6.7
Loew's, Inc.	6½ (C)	....	....	57.12	105	97	6.9
Goodyear Tire & Rubber	7 (C)	11.83	18.80	18.90	110	101	6.9
Otis Steel Prior	7 (C)	16.36	11.80	28.68	110	100	7.0
Commerce Investm. Trust 1st.	6½ (C)	27.72	24.36	45.50	110	91	7.1
International Paper	7 (C)	11.31	7.42	4.53	115	89	7.9

C—Cumulative. N—Non-cumulative. § Earned on all pfd. stocks. ‡ Guaranteed unconditionally by Bush Terminal Co. ** Adjusted to basis of present stock.
* Six months ended June 30, 1929.

Railroad Buying Enhances Equipment Earnings

Orders for Signal Apparatus Also Maintaining High Rate, While New Brake Is Likely to Raise Future Income

By Ward Gates



EQUIPMENT purchases by the railroads have been increasing for a year or so; also, there has been a considerable expansion in automobile production. These two developments have been turned to good profit by the Westinghouse Air Brake Company, which has as a consequence been able to show a substantial recovery in its net income.

Westinghouse, it is true, has a stabilizing advantage in that its chief production is one of those items prescribed by regulatory bodies for use on all public traction lines. But the economies instituted a while back by the railroads to balance a threatened reduction in their net income, worked a certain amount of havoc with the company's annual profits. The same may be said of its principal subsidiary, the Union Switch & Signal Co.

New Business Gaining

Conditions have been changing, however, notably since last fall. The prosperity enjoyed by the railroads has enabled them to increase their budgets to embrace larger orders for new equipment, and Westinghouse has been the recipient of more business. It is notable that the company's air braking devices are made so well that they at least last as long as the rolling stock or the motive power to which they are attached and in many cases (where it has been well maintained) are even placed on new equipment.

However, the volume of rail transportation has increased more than 200% in the last quarter of a century, according to the United States Department of Commerce, and today more cars are being handled in a given time than ever before. Nearly 32,800 freight cars and 319 locomotives were newly placed in service in the first six months of this year. This additional equipment, of course, calls for thousands of sets of air brakes.

Furthermore, the heavier loads and longer trains that are being used on the roads today, necessitating more powerful locomotives call for a heavier type of air brake. The present practice of putting more than one set of air brakes on the larger motive power units may be superseded by employing a single mechanism of greater power.

The company has already developed two new brakes of greater efficiency and these are now undergoing a series of rigorous tests. They are being experimented with at Purdue University and put to practical proof on the Southern Pacific Railroad.

While it is expected that it will be a year before these new types will be perfected for commercial use, they promise to bring about almost an entire replacement of present apparatus. This change, of course, will not be a sudden one, but the railroads rather look for orders from the Interstate Commerce Commission promulgating the new brakes as required equipment, their installation to cover a period of ten years or more and entailing the scrapping of present equipment as a safety precaution.

When it is considered that there were in the United States, as of August 1st of this year, 2,716,190 freight cars, and an additional 287,569 privately owned freight cars and 67,958 passenger cars, all 3,061,717 being equipped with air brakes, the possible market for the company's product is evident.

The new model, it is understood, will sell for more than twice the price of the present one. It represents profit possibilities extending over the period of several years of replacement, of $8 to $10 a share on the company's stock.

Orders for Subsidiary

Westinghouse Air Brake, however, has a well diversified business. Its subsidiary, Union Switch & Signal Co., turns out train control devices that make possible the automatic operation of passenger and freight trains. Active buying of this subsidiary's apparatus had quite a bit to do with bolstering up earnings in 1928 and 1927 when the shrinkage of air brake orders cut down the parent company's income.

Illustrative of the scope of the business of the Union Switch & Signal Co. are the orders announced within the past month for installation of block signals on the lines of the Illinois Terminal System, on the Grand Trunk, the Erie and the Wabash roads; for an electro-pneumatic dispatcher control system on the Pennsylvania Railroad;

an automatic train control extension on the Richmond, Fredericksburg & Potomac Railroad and for color-light signals and automatic train stops in the relocation of signals on the Interborough Rapid Transit Company's Queensborough Bridge section in New York City.

The subsidiary has also been awarded just recently a contract to put in block signals and switching equipment on approximately half of the new municipal subway of New York, the work to be completed within eighteen months. The contract amounts to slightly more than $2,900,000.

In Automotive Field

The parent company has further rounded out its production schedules by entering the automotive field. About two years ago it acquired the patent rights in this country and Canada for the manufacture of a vacuum type brake for automobiles, and the continued expansion in the use of this product on trucks, buses and the lighter class of motors indicates material gains in the net income.

On the other hand, the company has divorced its unrelated lines of manufacture. Last year it disposed of the patents and machinery for the production of locomotive stokers. It also sold the assets and business of the Westinghouse Union Battery Co.

Westinghouse has a little more than $68,000,000 of assets tied up with an enterprise that plays a large part in maintaining the safety and comfort of many millions of people here and abroad. It is the largest manufacturer of air brakes for railway and other vehicles and of air compressors and similar devices.

It owns all of the outstanding stock of several subsidiaries that turn out kindred devices and even gasoline driven industrial locomotives. The company has no funded debt and neither has its subsidiaries.

The sole capitalization amounts to 3,172,111 shares of no par common stock, out of 4,000,000 shares authorized. It is carried on the books of the company as of December 31st, 1928, at $47,581,660, although its market value today is close to 200 million.

The original authorized capital of $500,000 has been advanced eight times in the sixty years that have since elapsed. The last increase was in 1923 when it was moved up from $30,000,000 to $50,000,000 and then, two years ago, the $50 par stock was split, four new shares for one old, the present no par stock resulting.

Fifty-four Years of Dividends

A long dividend record stretches back more than half a century. Cash distributions averaged 52% in the years from 1875 to 1886 and then gradually were stepped down as the stock increased. Stock dividends have been distributed at intervals, the last one being in 1923 when 35% was paid out of the $20,000,000 capital increase made in that year.

The company's earning power has averaged somewhat under seven million a year for the past decade. Net income rose to $10,274,129 in 1923 and to $10,535,062 in 1926. It fell off in 1927 to $8,520,010 and shrunk still further last year to $6,490,557. The decline was attributed to the falling off in new business which did not fully replace some large contracts that had been completed in the prior year.

This year has reflected a different story, although as a matter of fact the improvement began 'way back in the first quarter of 1928. Every quarterly report since then has shown a gradual gain. The first half of last year showed but $2,940,350 or 92 cents a share. The first six months of this year produced a net profit of $4,048,432, equivalent to $1.28 a share. This is a gain of 37.3%.

Brief Cross-Section of Financial Position of the Westinghouse Air Brake Co.

	Dec. 31, 1928
Government Bonds	$12,984,254
Cash	11,438,250
Surplus	12,760,927
Current Assets	41,299,792
Current Liabilities	3,882,414
Net Working Capital	37,417,378
Sole Capital Stock (Company's Valuation)	47,581,661
Sole Capital Stock (Market Valuation)	199,842,993

The first three months of this year yielded profits of $1,924,893 equivalent to 61 cents a share. The June quarter hewed out $2,123,539 or 67 cents a share. Thus the quarterly dividend of 50 cents was well earned, whereas last year the company had to dip into its surplus.

This surplus account, however, is but one of a number of strong items in a thoroughly sound financial structure. The company closed last year with a profit and loss surplus of $12,760,927, although the year's surplus after dividends had amounted to but $146,892. The surplus after dividends at the close of 1927 was $2,573,787, which added to the previous surplus of $17,322,890 gave a total surplus that year of $19,896,677.

In 1927, however, nearly eight million was transferred from surplus to the capital stock account. This is an illustration of the policy that the company has followed quite generally in advancing its capitalization, turning over a large proportion of its earnings and investment surplus to its stockholders.

The total current assets of the company and its subsidiaries at the close of last year amounted to $41,299,792. Therein was included $24,422,504 in cash and securities. The indicated net working capital figured as $37,417,378, the result of a ratio of current assets to current liabilities of better than 10.6 to 1.

Overseas Profits a Factor

In conclusion, it is essential to include not only a reference to the company's stability of earning power, gained through its diversity of production as well as by the essential value and replacement and repair worth of its air brake devices, but to the foreign business. Due to returning prosperity in European affairs, embracing extensive improvement in their railways, the company's foreign subsidiaries are expected to show excellent profits. Particularly, it is reported, the French company is reaping the benefits of large contracts for the installation of air brakes on all railroad equipment in that country.

These foreign companies will pay their dividends this year into the Westinghouse International Brake & Signal Co., which has taken over all of the parent concern's foreign holdings. These profits from overseas will not be turned over to the Westinghouse Air Brake Co. before the end of this year but they give promise of swelling domestic net income not a little.

So, with orders for railroad equipment at home and abroad being main-

(*Please turn to page 952*)

Rising Earnings Trend Lends Investment Attraction

Full Operation of New Process and Its Economies Coupled With Rapidly Expanding Demand Being Reflected in Net Income

By Allston B. Sprague

PROSPECTS of consistent expansion in earnings are indicated in the six months' showing of the American Rolling Mill Co. for this year. Firmly entrenched as a specialty steel manufacturer, the company is beginning to reap the benefits of developing a patented process of continuous steel sheet production, not only in its own plants, but through licenses allowing other large manufacturers to utilize its economic merits.

Millions of dollars have been spent by the company in perfecting the new method of turning out steel sheets over a half-mile line of operations. While this new process was first installed six years ago, it was not in full use at the plant known as the "Ashland Division" until the early part of last year. And not until the end of this year will the reconstruction of the other producing units, the "Middletown and Butler Divisions" be completed.

Promising Prospect

Thus the entire effect of the economies of time saving and reduced costs will not be fully reflected in earnings before 1930. Enough, however, has been disclosed in the report for the first half year, to indicate what may be expected in the years to come.

The balance made available for the common stock at the end of the first half year amounted to $4,410,177. This is equivalent to $3.26 a share on the 1,351,379 shares of common stock outstanding. It compares with $1.55 per share returned in the first half of 1928, or an increase of more than 110%. It is 19 cents more than the per share earnings for the entire twelve months of last year. In making comparisons with last year's figures, the non-recurring income of $2,785,918 that was derived from the sale of gas rights, is excluded.

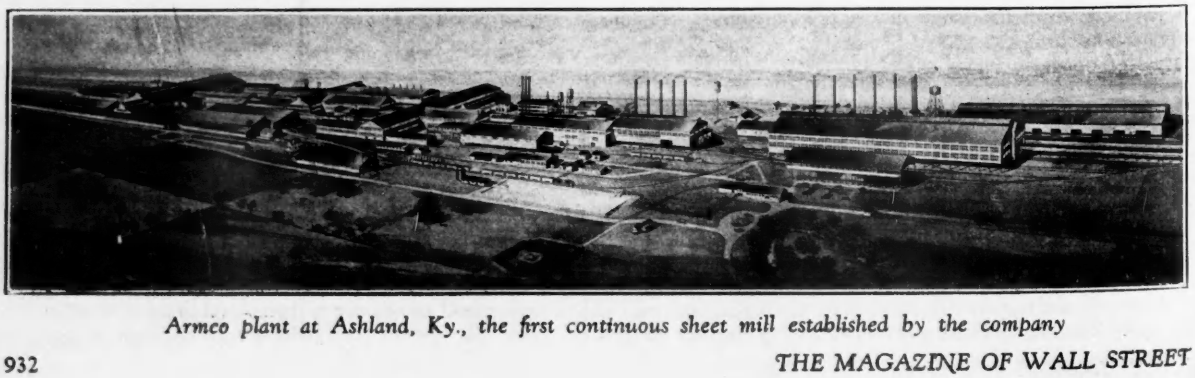
The marked difference in cost between the old hand operation and the new mechanical method is strikingly illustrated by going back to the year 1926 when the highest earnings in the history of the company resulted in showing $3.51 per share of common. The first half of the current year brought results of within a quarter of a dollar of that amount. It is not considered at all improbable that the annual report for this year will show close to a 100% gain over that previous peak, even with the larger number of shares outstanding.

Looking backwards into the Nineteenth Century we find that the American Rolling Mill Co. of New Jersey and the Columbus Iron & Steel Co. of Ohio started business in the same year, 1899. Twenty-eight years later these two concerns merged and their plants are now known as the "Middletown Division." In the intervening dozen years there have been a number of additions to that nucleus until today the company and its subsidiaries constitutes one of the largest producers of sheet steel in the world.

Three Chief Units

The most important of these acquisitions are embraced in the properties of the Ashland Iron & Mining Co., taken over in 1921, the Norton Iron Works and the Ashland Steel Co. purchased early in 1927, now grouped together as the "Ashland Division" in Kentucky, and the properties of the Forged Steel Wheel Co. of Butler, Pa., and of the Columbia Steel Co. at Elyria, Ohio, now bound into the "Butler Division." The latter plants were added in the fall of 1927.

The acquisition of the Butler and Elyria concerns was accomplished by issuing $5,000,000 6% bonds, $5,000,000 6% preferred stock (retired this year), and $2,500,000 five-year 5% notes, and by assuming approximately $1,000,000 of preferred stock and bonds on the latter property. The



Armco plant at Ashland, Ky., the first continuous sheet mill established by the company

$5,000,000 bonds are an obligation of the Columbia Steel Co. of Pennsylvania, to which the assets of both firms were transferred and whose entire capital authorization of 10,000 common shares is held by American Rolling Mill. These bonds are not in the hands of the public and are already slated for redemption.

Linked up with the Columbia Steel addition was the acquiring somewhat later in that same year of all of the patents and applications for patents owned and controlled by the United Engineering & Foundry Co., covering four roller bearing mills. These movements characterize the policy of the company to own or control all of the patents in which it is interested. It has never pooled any such interests with any other concern.

The company further strengthened its "Middletown Division" about two and a half years ago by securing, jointly with the Koppers Co., a half interest in the Hamilton Coke & Iron Co. of Ohio. The entire output of that plant's "hot metal" is delivered to American Rolling Mill's Middletown works.

So today, the company has three complete and thoroughly integrated manufacturing units capable of producing in the aggregate 1,571,500 tons of ingots in a year. This production is buttressed by ownership through various subsidiaries, of substantial interests in iron ore mines in Minnesota and Michigan, in steamship lines plying the Great Lakes and in coal mines in West Virginia. The company thus has an assured reserve of about sixty-three and a quarter millions of tons of iron ore and a probable reserve of considerably larger volume.

Manifold Economies Effected

Twenty years of research work in the company's experimental laboratories have borne abundant fruitage. The backbone of the company's production of highly specialized steels is the rust-resisting "Armco" ingot iron. This material is also held in high esteem because of its superior quality of electrical conductivity.

Under the new process for sheet manufacture the ingot starts at one end of a half-mile succession of rolls and travels through the various stages of reduction automatically until it comes out at the other end in the required finished form, whatever the gauge or thickness may be. The metal is kept at the desired temperature by multiple reheating furnaces, as well as the rapid rate of rolling.

The economical advantages of such production are threefold. The manual labor required is nearly cut in half. There is a considerable saving in power and in time. And the output of the mill is substantially increased. So also the profit margin is widened. Furthermore, the superior finish attained by the sheet metal gives it a wider range of adaptation, opening up new markets, and the company's sales are thereby expected to benefit.

Fairly recent developments have been gratifying to the management for two reasons. The question as to whether the process, which had been preserved under strict secrecy, was fully protected by patents was virtually settled by a contract made with the U. S. Steel Corp. whereby that firm's American Sheet & Tin Plate Company's plant at Gary, Ind., has been licensed to make use of the new process. The Gulf States Steel Co. signed an agreement early this month, providing for its use of all of American Rolling Mill's patents and for installation of the continuous mill when the southern market and production should justify such a step. These two concerns are also reported as having an understanding whereby Gulf States Steel would make ingot iron for American Rolling Mill for sale througout the South. Negotiations are under way for utilizing the continuous system by other important steel manufacturers. An agreement for its use is said to be pending with the Republic Iron & Steel Co. Leading sheet steel producers in England and France are also earnestly considering taking out licenses, chiefly to apply the process to the rolling of automobile sheets.

Significant Comparison of Last Two Years of American Rolling Mill Co.

	Dec. 31, '28	Dec. 31, '27
Net Sales	$61,867,914	$39,087,519
Net Income	3,889,116	3,748,564
Net Income (1st 6 months)	1,767,001	2,416,734
Net Income (1st 6 months, 1929)	4,410,177	......
Surplus for year	10,966,482	356,770
Profit and Loss Surplus	23,755,642	12,789,160
Current Assets	27,664,128	18,923,528
Current Liabilities	6,769.344	6,947,343
Net Working Capital	20,894,784	11,976,185

While sheets make up nearly nine-tenths of the company's sales, there is a substantial balance in wheels, wire, castings, semi-finished material and pig iron.

Steady Growth Apparent

Notwithstanding the fact that the company has been deprived of the full earning capacity of its units since 1922, there has been a constant gain in the sales volume over the past eight years. It is evident that this year's sales will be at least six times what they were in 1921. There was a deficit in that year of $2,408,973, but the wisdom of sacrificing momentary success for a thorough schedule of reconstruction and modernization is being proven in no unmistakable fashion.

Sales last year reached nearly 62 million dollars, as against a little more than 39 million dollars in 1927, the previous record volume. The most optimistic predictions as to this summer's business have been exceeded and the demand has continued to surpass expectations. Furthermore, stability of prices and the market in general has been a decidedly helpful influence this year.

Net income has also shown improvement, especially in the last three years. Starting with the recovery in 1922, when profits amounted to $2,306,365, net income has ranged in the neighborhood of $3,000,000—a few hundred thousand dollars either way—until the peak year of 1926. That year the profit item reached $4,064,050. It fell off a bit to $3,748,564 in 1927 and then picked up last year to show $3,889,116 (this figure does not include profits from the sale of oil and gas rights, a non-recurring item).

The report of $4,410,177 net for the first half of this year speaks for itself.

That the company is virtually through with the heavy expenditures incident to such wholesale revamping of its plants, seems apparent. Instead of the $356,770 left over at the end of 1927, a surplus of nearly eleven millions was accumulated last year, bringing the total profit and loss figure, as of December 31st, 1928, to $23,755,642. As of the same date, the current assets amounted to $28,718,687 and current liabilities to $6,796,342, thus affording a net working capital of nearly twenty-two million dollars. Cash and government securities had jumped from $1,431,978 at the close of 1927 to $3,043,966. And the re-

(*Please turn to page 952*)

VACUUM OIL CO.

Occupies Strong Strategic Position

Merger Possibilities Contribute to Investment Attraction

By N. O. Fanning

THE Vacuum Oil Co., one of the major units of the Standard Oil group, has specialized in the manufacture and sale of lubricating oils and greases since its organization in 1866. It was segregated from the Standard Oil Co. of New Jersey at the time of the dissolution of the latter in 1911. Since that year Vacuum has gradually branched out into the sale of gasoline, kerosene and other petroleum products. Its operations now cover almost every country in the world. Its lubricants are best known under the trade names "Mobiloil" and "Gargoyle."

Selected Data from Financial Statements of The Vacuum Oil Co.

Dec. 31	1928	1927	1926	1925
Real estate, plant and equip. after depreciation	$26,778,948	$25,231,613	$22,042,990	$21,344,839
Stocks of other Vacuum Oil Cos.	53,432,201	37,604,497	20,629,871	20,048,973
Other investments	3,233,007	2,514,805	816,650	67,896
Total	$83,444,156	$65,350,915	$43,489,511	$41,461,708
Current assets	$103,415,246	$93,118,778	$97,378,317	$101,769,247
Current liabilities	20,689,072	11,771,263	7,849,382	8,977,655
Working capital	$82,726,174	$81,347,515	$89,528,935	$92,791,592
Capital stock	*$126,180,350	$62,809,550	$62,470,800	$62,199,950
Profit and loss surplus	*37,494,630	81,717,324	66,699,884	55,914,812
Book value per share	*$32.92	$58.52	$53.49	$48.48

* 100% stock dividend declared in 1928.

Merger in Prospect.

It is understood that a merger of Vacuum Oil Co. and Standard Oil Co. of New York is under negotiation with every possibility of early consummation. Although naturally, with the properties of both companies reaching into both the eastern and western hemispheres, such negotiations would be rather long drawn out. In addition, the merger would probably be subject to the approval of the United States Department of Justice. In view of this situation, the present discussion of the prospects of Vacuum will be handled first with the assumption that the merger is consummated and second with the assumption that it is not.

A combination of Vacuum with Standard of New York would doubtless be favorable to the prospects of both companies. In the United States, Standard of New York controls service stations probably numbering several thousand in New York, New England, the Southwest (through Magnolia Petroleum) and on the Pacific Coast (through General Petroleum), which would serve as a direct outlet for Vacuum's lubricants and other products. Vacuum at present has only a small number of service stations in this country. In addition, Vacuum has only a small amount of crude oil production, while Standard of New York, through Magnolia and General Petroleum, controls more than 100,000 barrels' daily output.

Abroad, Vacuum and Standard of New York operate side by side in the Far and Near East, and recently Vacuum has enlarged its general marketing field in France and Central Europe. Although it has always marketed lubricants in practically every country in the world, in recent years it has entered the general marketing field, including gasoline and kerosene, in the sections named.

The effect of this merger, therefore, would be to consolidate the activities of the two companies and strengthen their position as competitors of the Dutch-Shell combine. Not only would this brighten the outlook for Vacuum Oil Co. stock for the near-term outlook, but it would seem to assure a permanent or long-term growth of business and earnings.

Independent Position.

In the event the merger is not consummated and Vacuum continues to operate as in the past, the outlook appears to favor expansion of Vacuum along somewhat different lines. The company will probably enter more extensively than ever before into retail marketing of gasoline and kerosene both here and abroad, and will push

more aggressively its development of crude output. Vacuum is in such a strong position financially and has so firmly established its name throughout the world, that its future cannot be considered anything but bright in any event.

Properties of Vacuum.

In the sixty years or more of its operation, Vacuum Oil Co. has built up tremendous property values in the form of refineries, terminals and distributing facilities throughout the world. It is safe to say that Vacuum operates in more countries than any other single oil company. These property values it would be impossible to estimate, and they are not directly reflected in the company's published financial statements, as Vacuum does not issue a consolidated report.

Real estate, plant and equipment "after depreciation" are carried at only $26,778,948 in the balance sheet as of December 31, 1928, this probably covering only the parent Vacuum Oil Co operating in the United States. All other facilities are included in the item "stocks of other Vacuum Oil companies," amounting to $53,432,201.

While it is impossible to estimate the actual value of the properties represented by these stock holdings in other Vacuum companies, a comparison of the balance sheets of the parent company for the last four years shows a great expansion of these holdings. The figures of $53,432,201 as of the close of 1928 compares with $37,604,497, as of December 31st, 1927, the gain for 1928 amounting to $15,827,704; while the 1927 figure compares with $20,629,871 for the preceding year, an increase of $16,974,626. In the two years, therefore, the increase in the holdings amounted to $32,802,330, or 159%.

In the same period the figure at which Vacuum carries its own plant (after depreciation) increased $4,735,958, from $22,042,990 at the close of 1926 to $26,778,948 at the end of 1928. "Other investments" increased in the two years from $816,650 to $3,233,007, a gain of $2,416,357.

The accompanying table indicates the growth of the Vacuum Oil Co. since 1925, the figures being principally from the company's own financial statements.

The Vacuum Oil Co. operates two refineries in the United States. Their capacity is shown in the following table (daily average, in barrels):

	Crude	Cracking	Type
Paulsboro, N. J. near Phila.	13,000	11,500	Tube & Tank-Cross
Olean, N. Y.	7,000	4,000	Tube & Tank-Cross
Total	20,000	15,500	

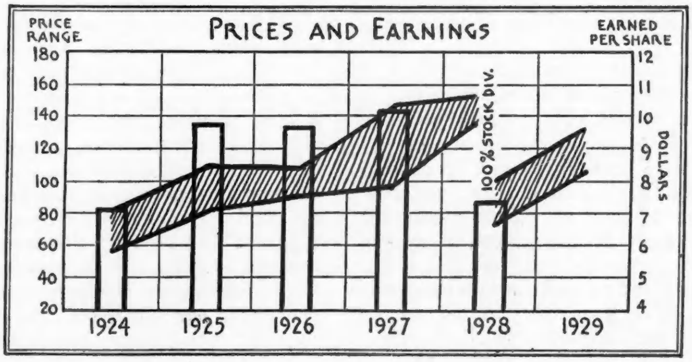
The company controls a comparatively small production of crude oil in the Appalachian and Southwest, but obtains most of its domestic supply through purchases from other producers. In the second quarter of 1929 the company produced 104,728 barrels in the State of Texas, as against 24,496 barrels in the first quarter.

Expansion Policy

Vacuum Oil Co. is now carrying on drilling operations in several areas in the southwest, including the Gulf Coast of Louisiana, in West Texas and in Southeastern New Mexico. In the latter section the company is considered to have promising holdings. It is recently reported to have completed a producer and will immediately carry on further operations there.

In addition to the trend toward consolidation of the big units in the oil business, it has been noticed that the large companies have been making extensive acquisitions of smaller units. Vacuum Oil acquired one company operating a chain of service stations in central New York State some months ago. It is possible that further acquisitions may be made, not only in the marketing end, but in refining and producing in connection with its plans for expansion.

The company has always been conservative in its expansion, and little has been said heretofore with regard to the new lines of growth. The progress made has usually been financed from surplus earnings, without in any way affecting regular dividend payments. Hence, a large property value has been achieved so quietly as to almost escape public notice. The present expansion bears all the earmarks of being of the characteristic slow but sure variety.



Inasmuch as the Vacuum Oil Co. does not issue a consolidated report, total net earnings are not available. The record of the parent company during the past few years, however, has been exceptionally good. In 1928 record net earnings of $37,659,458 were shown, equivalent to $7.46 a share on the 5,047,214 shares of $25 par value stock outstanding at the close of the year. In April, 1928, the company distributed a stock dividend of 100%, the above earnings therefore being equivalent to $14.92 a share on the stock outstanding before this distribution. This compares with $25,559,900, or $10.17 a share actually earned in 1927 on the stock then outstanding, consisting of 2,512,382 shares of $25 par value.

	Cash Dividends	Per Sh.
1928	$18,917,602	**$3.75
1927	12,542,460	5.00
1926	12,476,583	5.00
1925	12,424,615	5.00
1924	9,271,155	3.75

** Rate based on increased stock; actually $1 on old; $3.25 on new.

Dividends during the year 1929 have been at the rate of $4 per annum, three quarterly disbursements of $1 a share each having been declared. Total payments this year at the rate of $4 per share will amount to a record of $20,188,856.

Outlook.

The outlook for Vacuum Oil Co. appears to be bright as a result of its strong hold in the lubricating oil business throughout the world and its exceedingly good financial position. It is far less subject to the handicaps which are now operative in the industry as a whole as a result of over production, and hence may be recommended at current levels with far better prospects for unhampered price appreciation. Moreover a merger with Standard Oil of New York could be expected to add immediate value to the company's shares.

At the current level of $1.25 a share, Vacuum Oil stock yields approximately 3.2%, based on expected annual payments of $4 per share. Larger dividend payments may be looked for in the event of continued improvement in oil trade conditions.

EDITORIAL PAGE

Building Your Future Income

An Informative Department On Estate Building

Foresight and Patience

THE quality of patience does not appear to have achieved the popularity justly due it as a cardinal virtue, and this is particularly true of investment patience. Perhaps its association with the element of time—passage of time—in opposition to ambition and eagerness for the accumulation of wealth, which are more common traits, may be held accountable for the failure of many investors to fully harvest the fruits of their judgment.

One of the commonest errors made by investors is the premature disposal of sound securities, a mistake which has proven very costly in the case of those issues which provide an equity in our country's established and growing corporations. Considerable publicity has been given to those thought-provoking tabulations which reveal the phenomenal increment of principal and income which would have rewarded the patient investor who had the foresight to make a comparatively small investment as early as five years ago in the shares of any of those companies which are recognized leaders in their respective fields. One of these news items recently pointed out that the purchase of one hundred shares of General Electric common stock in 1921, involving an approximate cash outlay of eleven thousand dollars, would have given the investor an equity now valued at over one hundred and fifty thousand dollars and producing an annual income of twenty-four hundred dollars. This is a typical rather than unusual example. Many people, recognizing the tremendous possibilities for future growth in two infant industries, aviation and radio communication, made small commitments in the shares of the two leading companies in those fields, Wright Aeronautical Corp. and the Radio Corp. of America, when it was possible to do so for only a few dollars per share. Unfortunately, however, it is safe to assume that only a small handful of these people are now numbered among the stockholders of either company, the rest having probably sold their holdings, accepting profits which would seem ridiculously small in contrast with the substantial appreciation in value which has since occurred. The original brilliancy of judgment and foresight displayed by this group of investors is dimmed by their lask of patience which led them to relinquish their holdings at a time when these companies had completed the groundwork necessary in a new industry and had begun to translate operations into terms of earning power. The soundest investment judgment, minus a tributary of patience, will fail to accomplish the desired results.

Let the investor bear in mind that, as such, he is concerned with the successful purchase of capital and income for future use and must endow himself with reasonable foresight and patience.

Automatic Reinvestment

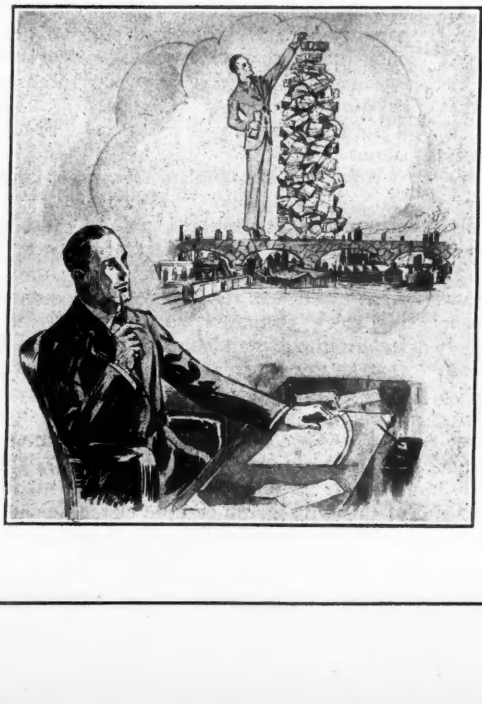
How Shares Paying Regular Stock Dividends Might Be Selected for the Investment Program Which Must Be Designed to Accomplish a Definite Future Result

By Edgar Paul Hermann

THERE are investors who would be glad to buy safe securities despite the fact that their present cash returns were negligible, if they felt assured that for the long pull they would have the equivalent of good interest, compounded. For example: The father who would put away in his strong box securities for the college education of a son or daughter or for their future use; those who wish to accumulate funds for their own old age and those who aim at endowment funds.

Such securities also appeal to those who wish to be relieved of reinvestment worries, and to those who feel they might spend rather than reinvest the increment from their securities if it were not easier to do otherwise. They also have a certain appeal to individuals and institutions who have definite future needs which an automatic reinvestment plan might help to furnish.

An investor who does not need immediate income from securities has available a number of possibilities. He might let a savings bank compound his money—but the rate of interest would be low. He might, assuming that he had regular savings to use for such investment, borrow on his note with other securities as collateral, using income to help pay his notes and interest. He might buy deferred annuities. He might buy non-income paying securities in industries in which he has faith for the future—as for example, aviation securities—or similarly he might buy investment vacant realty. Both of these, of course, offer hazards, and demand information and judgment of high degree. He might buy low income high grade securities such as bank or insurance stock, depending upon their rise in market price to repay him. He might buy high grade stocks which seem to offer future "melons" but whose income percentage is low, as for example, certain rails in the present market, or stocks whose management have indicated a policy of occasional split-ups or rights, as for example certain public utilities. Finally he might choose certain stocks whose managements have set a policy of regular stock dividends, with or without regular cash dividends.



The plan of paying regular stock dividends is becoming a popular one. This plan of dividend payment has certain reasons for its present popularity. It appeals to many investors in the present stage of the market. It seems to indicate a disposition on the part of the management to pass prosperity along to the investor. It builds a feeling of confidence in his mind. It apparently meets the requirements of many of those mentioned in the first two paragraphs of this paper.

At the present state of the market some investors hesitate at buying good securities, feeling the market too high. Sometimes they feel more willing to buy a high priced security with a regular dividend policy in the face of a potential falling market, though perhaps their logic may not be sound. They argue that the buying for investment trusts, insurance companies and other large investors who buy to hold as pledged the price of many of the better securities, even though to some extent their future has been discounted.

From the standpoint of the company it has certain obvious advantages. It enables a company with expansion ambitions to use a considerable part of its earnings, without question, for company purposes. It cuts capital raising costs, presumably, and may eliminate the necessity of financing through bond issues or extensive borrowings, or reduce the volume of

such financing and refunding.

A word of warning ought to be sounded to such buyers, particularly since the number of stocks offered on this basis seems to be rapidly growing. Accordingly a number of checking points are given herewith concerning which an investor in this class of securities might do well to satisfy himself.

Why does the company use this dividend plan? Has it legitimate need for more funds in considerable volume. Is it, for example, a chain store, rapidly acquiring new units or a public utility holding company buying new subsidiaries or opening new territories? Or is the money being used in vague development or operating plans? Just why does the company pay a regular stock dividend?

Does it also pay a cash dividend? It seems to give a greater feeling of confidence if it does. If it is merely paying a stock dividend, it is in reality giving nothing but two pieces of paper instead of one. If it offers a substantial cash as well as a stock dividend it seems probable that its market price will be much more stable.

Do its earnings justify its dividend? A company may be paying a stock dividend of such size that its pyramiding is too rapid, and it may be compelled in the future to cut its cash dividend or make some rearrangement of financial structure. A company that pays a ten or twenty per cent stock dividend must be prepared to meet the increased dividend costs that its new stock creates.

Will it be able to earn as much on its new capital as upon its old? This is a question, not only of management of the company but of its field as well. It may be possible that new units are being added too rapidly for thorough absorption and efficient profit-bringing management.

What are the possibilities of market stability of the stock? Is the company earning enough to pay its cash and stock dividends without impoverishing itself and jeopardizing its position in the possibility of adverse conditions? A stock paying regular stock dividends is fine so long as there is a rising market and it keeps pace, but what of the event of a falling market, and of a falling market price for the stock?

> *"The prospective investor in regular stock dividend paying corporations should first study the situation and satisfy himself that the expansion needs of the corporation justify the continuous reinvestment of earnings."*

Does the company or its promoters make a market for the stock? Is the stock supported? Are there new buyers in numbers? Is the stock listed? How liquid is the investment?

What is the par value of the stock? Stock dividends are, of course, in the nature of a percentage of the holdings of an investor and at first blush the matter of par or non par seems to have little bearing. An apparently high stock dividend rate on a stock with a wide spread between par and market price may be quite misleading. Certainly it is a factor worthy of consideration.

What is the probability of continuance of policy? Will the plan of regular stock dividends be considered a rather permanent one or is it an experiment? To what extent can the investor put his stock certificate away and feel from this standpoint at least that he can forget it?

What is the probability for continuance or increase in earnings? The scrutiny given the the field, the company, the management in the case of securities of this type should be even closer than given an investment which one expects to turn within a reasonably short time.

What is the history of the security? Naturally all the tests of dividend and earning record, book value, ratio of earnings to market price, management, and potentiality that apply to any security must not be overlooked. Is the stock a recent promotion, taking advantage of the popularity of this dividend plan to unload its securities? Or is it an old and sound company seeking to keep its security holders content with its disbursement program, while still utilizing its earnings for corporate growth?

Who are holders of the securities? Is the stock and company being closely watched by competent financial men who are holders of large amounts of its securities—or has the stock been largely unloaded on uninformed, mentally procrastinating and gullible buyers, who do not know how to read the signs even in their own interests? It is much easier to lull investors' suspicions to sleep with a regular stock dividend program even if earnings are small than without it. If a cash dividend stops, they surely know it and cash dividends cannot be persistently paid and lack of earnings hidden, as easily as can stock dividends.

What is too high a stock dividend? The mere percentage of stock dividend may mean little. Many factors are involved. But if the company is paying a total cash and stock dividend perilously near its earnings or over them, it bears watching. Of course the regular dividend may legitimately be used as a dividend stabilizer for a company whose earnings fluctuate rather widely, provided the rate is not set too high.

What is the approximate income if stock dividends are sold? Is the return, assuming that the market value of the stock dividends were paid in cash, a just

and fair and justifiable one.

Would you reinvest cash in the stock at the present market? That, in effect is what every holder of the security is doing when he keeps and does not sell his stock dividends. By so doing, of course, he helps maintain the market price.

The following are some comments made, at the writer's request, by an executive in charge of the Investment Research department of a prominent life insurance company, on the regular stock dividend plan:

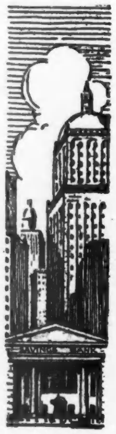
A stock dividend in itself means nothing. Suppose that a corporation has issued one million shares and you have 100,000 shares. You own 10% of the corporation. If the corporation declares a 50% stock dividend, thus increasing its total number of shares to 1,500,000, your own holdings will also increase 50% to 150,000 shares, but the important point is that you still own only 10% of the corporation. Your 150,000 shares are worth no more than your original holdings of 100,000 shares. The same principle applies, of course, whether you are a large or a small stockholder. Shares originally selling at $30 are worth only $20 after the declaration of a 50% stock dividend.

There are, however, important advantages to stock dividends. They increase the number of shares outstanding and thereby tend to keep down the price of the stock to levels that have popular appeal to investors. Other things being proportionately equal, there are always more investors willing to buy a stock selling for $50 than for $100. Another advantage is that by increasing the number of shares the corporation's earnings per share will not appear inflated or exorbitant. The psychological effect of this is considerable on prospective competitors in the same line of business. These advantages apply chiefly to the occasional large stock dividend but we are most interested in this discussion in the regular stock dividend payable quarterly or semi-annually, taking the place of all or part of a cash dividend. This policy permits the management to conserve its cash and other working capital for utilization in expansion, development of new products, construction of plants, purchase of new equipment, acquisition of other companies, and so on. The advantage to the investor is the automatic reinvestment of the earnings on his own share holdings back into the business. Thus the investor is saved the problem of deciding how to reinvest income from his securities and is spared the temptation to spend that income.

It is obvious, of course, that a company which wishes to conserve its working capital by avoiding cash dividends need not issue stock dividends. A number of investment trusts, for example, are paying neither cash nor stock dividends, thus making their investors depend entirely upon price appreciation in the shares for income. Usually a stock dividend policy is preferred over the policy of paying neither cash nor stock because the stock dividend gives the investor a consciousness of receiving something tangible and if the stock dividend rate is moderate, there is also a likelihood of price appreciation in the shares.

(Please turn to page 964)

BYFI RECOMMENDS—



For Saving

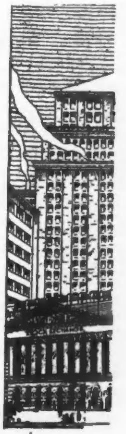
1. **SAVINGS BANKS.** A convenient depository for the accumulation of regular or intermittent savings at compound interest. Funds are always available and may be withdrawn as soon as they reach suitable proportions for employment in more profitable mediums.

2. **BUILDING AND LOAN** shares serve as convenient, long range (10 to 12 years) mediums for the accumulation of savings. Through regular monthly payments this form of savings also possesses the element of gentle compulsion.

3. **ENDOWMENT INSURANCE** is a means of securing insurance protection and at the same time accumulating savings. Also possesses merit of regularity in savings but in view of small return, should not occupy too large a place in the accumulating program.

For Investment

Security	Recent Price	Yield %
1. Illinois Central 40-Year 4¾s, 1966	95	5.0
2. Public Service Elec. & Gas. 1st & Ref. 5s, 1965	103	4.8
3. Standard Oil of N. Y. deb. 4½s, 1951	93	5.0
4. Western Pacific 1st 5s. 1946	97	5.3
5. Youngstown Sheet & Tube 1st SF. "A" 5s, 1978	100	5.0
6. New York Steam 1st "A" 6s, 1947	107	5.4
7. Chesapeake Corp. Conv. Coll. 5s, 1947	99	5.1
8. Associated Dry Goods 1st 6% Pfd.	94	6.4
9. Hudson & Manhattan Conv. 5% Pfd.	79	6.3
10. Southern Pacific Common $6	150	4.0



The BYFI Recommendation Table is intended primarily to serve as a constant guide to inexperienced investors through the early stages of their income building program. On the left, the advantages of each of three principal mediums for accumulating regular savings are outlined. On the right, a progressive tabulation of investment securities suitable for the employment of sums accumulated through savings is presented. These issues, if purchased in the order listed are intended for a permanent investment, and as such, will ultimately provide a sound backing of income producing securities, affording safety of principal, fair return, and offering the protection of diversity.

The Investor and His Brokerage Account

By Lawrence Burnett, C.P.A.

The author, in an article which appeared in the September 7th issue, outlined the necessary procedure in opening an account with a broker and a simple method of auditing brokerage statements. In this article short term investment methods and technique are further discussed and the investor is given a number of valuable suggestions.

"LIMIT your losses and let the profits run" is one of the better known axioms familiar to Wall Street and is an excellent one to follow although even the more experienced traders are frequently guilty of the opposite procedure. Many operators use "stop loss orders" to limit losses on the securities they are carrying. For example, if an operator owns one hundred shares of stock purchased at $50 and feels that he wants to limit his loss exclusive of commissions and taxes to $400 (in case the market suffers a reverse), he then enters a "stop loss order" at $46. If the stock reacts to $46 or below. it automatically becomes a market order and is sold at the best price then available.

Buy Stop Orders

"Buy stop" orders are used by operators who desire to purchase or add to their holdings in certain stocks after they have reached a specified price. "Buy stops" are also used for the protection of losses on short sales.

"Stop loss orders" are also often used by brokers for their own protection when a customer does not promptly respond to a margin call. In such a case, the stop is usually placed at a price somewhat above the point where, if the stock is sold, the broker is amply protected on commissions and other charges.

Take as an example the same purchase of one hundred shares of stock at $50, to which we previously referred. Including the broker's commission, the cost of these shares was $5,017.50, and there has been deposited the required $2,000. If the market reacts and the price drops to $42, the broker sends out a request for additional margin. Should this call not be answered, the broker notifies his customer by telephone or telegraph that in the event the additional margin is not forthcoming the stock will be sold at the market. If the market is declining rapidly in the meantime, the broker, for his own protection, will put in a stop loss order at about $37. Should the additional margin be received before the stock reacts to $37 the stop order will be cancelled. But if the stock reaches the stop price before the margin is received, the customer is closed out. He will then receive a check from the broker for the difference between the margin originally deposited and the proceeds of the stock sold, less the cost of his stock and interest.

The following stipulation, previously agreed on by broker and customer, is the authority on which the broker sells the securities when it is necessary to do so for his own protection:

1. That all transactions are subject to the rules and customs of the New York Stock Exchange and its clearing house.

2. That all securities from time to time carried in the customer's marginal account, or deposited to protect the same, may be loaned by the broker, or may be pledged by him, either separately or together with other securities, either for the sum due thereon or for a greater sum, all without further notice to the customer.

3. That the broker reserves the right to close out the customer's account whenever in the judgment of the broker the condition of the account warrants such action for their own protection.

Protecting Profits

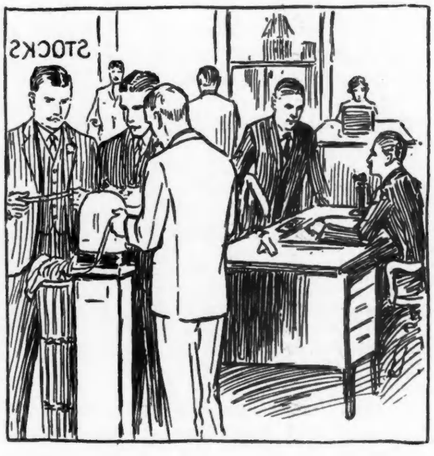
"Stop loss orders" can also be used by the customer to protect his profit on a stock which has had a considerable rise. Suppose a stock purchased at $50 has advanced to $65, and the customer is reluctant to sell because he feels the stock may go still higher. In such a case a stop loss order can be placed to sell the stock, say, at $60. This will have the effect of protecting the customer's profit and will give him the benefit of any additional rise. When such a stop is used, the customer sometimes raises his

stop loss order five points with each five point advance in the price of the stock.

Figuring Equity

When the brokerage account has a debit balance and only long stocks, deduct the debit balance from the market value of the stocks long to find the customer's equity. When the account has a credit balance and both long stocks, add the credit balance to the market value of the stocks long to find the customer's equity. When the account has a debit balance with both long and short stocks, the value of the short stocks, plus the customer's debit balance, is deducted from the value of the long stocks. Where the account has a credit balance with both long and short stocks, add the market value of the long stocks to the credit balance and deduct therefrom the market value of the short stocks to find the customer's equity. When the account has only short transactions, subtract the market value of the short stocks from the credit balance to find the equity.

Odd lots, or quantities in less than one hundred shares at the market, are executed by the odd lot dealer on the basis of the next full sale after the odd lot broker receives the order, at 1/8 or 1/4 of a point from the price of the full lot. It is generally assumed that an elapsed time of three minutes is allowed on odd lot transactions from the time the order is received by the odd lot broker until it is executed on the next full lot sale. The lateness of the tape and the unavoidable delay at times in transmitting the odd lot orders through the pneumatic tubes to the floor of the Exchange, makes any such uniform timing impossible to follow. On limit orders or orders at a specified price, the order is executed at 1/8 or 1/4 of a point away from the next sale of a full lot, if that sale (in the case of a purchase order) is below the specified price, and in the case of a selling order above the specified price. Odd lot brokers specify which stocks sell at 1/8 and which sell at 1/4 of a point premium.



Interest on Stocks

Interest is figured on both purchases and sales from the delivery date of the stock, which is usually the day after the transaction is made. Stocks purchased on the day before a holiday are delivered the next business day, and interest is figured from delivery date. Stocks purchased on Friday and Saturday are delivered on Monday, and interest is figured from that day. Interest computations are made at 6% and the net balance of interest is increased or decreased to conform to the rate charged to the customer for the month.

Dividends

Stocks carried "long" in the customer's account, are entitled to the dividends declared on the date when the stock goes "Ex-Dividend." Dividends are payable on a specified date declared by the corporation, and are credited to the customer's account on the date received by the broker. Dividends on stocks which go "Ex-Dividend" on Saturday are credited to customer's holding the stock on the preceding Friday. Reports received from the broker on individual transactions should be kept until the end of the month and then checked with the broker's statement. Monthly statements should be preserved for income tax purposes and for presentation to the State or Government representatives in the event of an investigation of the customer's income tax returns.

What Chance Has the Amateur Trader?

A wide distribution market for stocks is a necessity under our present financial structure. Big markets are here to stay, and are growing bigger each year. Stocks naturally will continue to be traded in larger quantities by greater numbers of people.

"What chance have I in the market?" is a question continually asked by those people who have never traded in stocks but are tempted by the tales of fortunes made in a day. The answer to this question is, "Use the methods of the successful operators." A successful operator puts it this way:

"Making a whole lot of money all at once is not my trading objective. I use a comparatively small amount of money in trading—not over 10 percent of my loose capital—because I have no desire to spread out too thin, or operate in such a way that any unexpected event will cripple me."

That this plan is wise, is borne out by the experience of traders who in severe breaks in stock prices have enough surplus capital to fully margin their accounts as prices drop. Thus they save themselves the losses they would have to take if compelled to sell stocks at the low prices prevailing while breaks in the stock market are in progress, and they are also in a position to take advantage of the low prices for securities prevailing.

There is no plan which the short term investor or trader can follow which would insure positive success. His best guides are judgment, discretion and knowledge.

ANSWERS TO INQUIRIES

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Inquiries cannot be received or answered by telephone nor can personal interviews be granted. Inquiries from non-subscribers of course will not be answered.

BENDIX AVIATION

Would you advise that I continue to hold 100 shares of Bendix Aviation? I acquired my stock in exchange for Stromberg Carburetor and was glad to see Bendix go over 100. Now that it is selling 14 points below its high, however, and seems to go off so easily, I am beginning to worry a little.—H. L. O., Sharon, Pa.

As now constituted, Bendix Aviation owns subject to a small outstanding interest in royalties and other proceeds, over 45 United States patents covering the Bendix Drive for starting, and it is the sole manufacturer under these patents; it has exclusive rights in the United States to the Perrot four wheel brake system, and controls 40 other brake patents. General Motors is licensed to equip the Cadillac, Buick and Oakland models with Bendix brakes; the company has recently contracted to supply Nash with brakes and is understood to have received from Ford an order for 3,000 brakes daily. In the aggregate, Bendix supplies over 90% of the starting equipment in the United States; furnishes the aviation industry practically 100% of carburetors, starting gear and magnetos; 80% of lighting and ignition, and 62% of wheels and brakes. However, the automotive industry still accounts for around 85% of output. Through payment of 15 million dollars in cash and surrender of the entire capital stock of the Delco Aviation Corp., as well as granting certain license agreements, General Motors Corp. now owns about a 23% stock interest in the present company. Estimated earnings equal to between $4.50 and $5 a share in the full 1929 year can hardly be used as a basis for judging the merits of the capital stock, inasmuch as much of the outstanding capitalization has been created in connection with new acquisitions incident to prospective substantial expansion in the aviation accessories field. Financial position is sound, the company is strongly sponsored, and in view of its exceptionally well entrenched position in both the aviation and automotive accessories fields, it seems to face a distinctly bright outlook. We are confident patient shareholders will be well rewarded.

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We invite correspondence from readers desirous of ascertaining the status of brokers with whom they intend to do business. We make no charge for this service, as we recognize the importance of having our readers deal through reliable firms.

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1. ***Be Brief.***
2. ***Confine requests for an opinion to THREE SECURITIES ONLY.***
3. ***Special rates upon request to those requiring additional service.***
4. ***Write name and address plainly.***

NEW JERSEY ZINC

Will you please let me have your latest analysis and opinion on New Jersey Zinc listed on the New York Curb? Would you advise accepting a paper profit of $300 which I now have on 50 shares of this stock?—E. A. J., Pontiac, Mich.

New Jersey Zinc Co. functions as a holding and operating company producing, directly or through subsidiaries, zinc oxide, spelter, spiegeleisen, zinc dust, sheets and plates, zinc chloride, ochre and lithopone. Earnings over a long period of years have shown marked stability with the general tendency upward, results from operations in 1928 showing a balance equal to $3.79 a share against $3.15 a share in 1927, based on 1,963,264 shares now outstanding, after the recent four-for-one split-up, followed by marked improvement in the first six months of 1929, when net was equal to $2.28 a share against $1.76 a share in the same period of 1928. Orders are reported beyond production facilities, assuring a high level of operations for months to come, thus giving rise to the probability that earnings in the full 1929 year will show further improvement over the balance reported last year. The company ranks as one of the strongest in its field, and retention of present holdings for the longer pull should prove additionally profitable.

TIMKEN ROLLER BEARING

A conservative investment house has advised me to buy Timken Roller Bearing. Before taking any action, however, I would like to have your counsel for I have found

(Please turn to page 954)

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Business Anticipates Active Autumn

Buying in Most Lines Is Confident—Prices Stronger—Profit Positions Generally Favorable

STEEL

Eight Months of Record Production

WITH eight months of record output to its credit, the steel industry is closing the third quarter with prospects of operations being maintained not far below present levels through the Fall term. In view of heavy production totals of this cumulative period, however, indications point to a continued slight tapering in output for the next month or so. High rates of activity were maintained during the July-August period of dull buying largely at the expense of unusually heavy backlogs; now that these backlogs have been reduced to a reasonable figure, the production-buying ratio must be raised above the prospective figure before any increase in

(*Please turn to page* 961)

COMMODITIES*

(See footnote for Grades and Units of Measure)

	1929 High	1929 Low	1929 Last
Steel (1)	\$36.00	\$33.00	\$35.00
Pig Iron (2)....	18.50	17.50	18.50
Copper (3)	$0.23\frac{1}{2}$	$0.16\frac{3}{4}$	0.18
Petroleum (4)...	1.45	1.20	1.45
Coal (5)	1.70	1.60	1.60
Cotton (6)	$0.21\frac{1}{2}$	0.18	$0.19\frac{1}{2}$
Wheat (7)	$1.65\frac{3}{8}$	$1.24\frac{1}{8}$	$1.44\frac{5}{8}$
Corn (8)	$1.21\frac{1}{4}$	$0.98\frac{1}{4}$	$1.18\frac{1}{2}$
Hogs (9)	$0.11\frac{3}{4}$	$0.08\frac{7}{8}$	0.11
Steers (10)	17.00	14.25	17.00
Coffee (11)	$0.18\frac{1}{2}$	$0.15\frac{3}{4}$	0.16
Rubber (12) ...	$0.26\frac{1}{8}$	$0.18\frac{5}{8}$	0.21
Wool (13)	0.45	0.37	0.38
Tobacco (14) ...	0.14	0.14	0.14
Sugar (15)	0.04	$0.02\frac{1}{16}$	$0.03\frac{7}{8}$
Sugar (16)	$0.05\frac{1}{8}$	$0.04\frac{7}{8}$	$0.05\frac{1}{4}$
Paper (17)	$0.03\frac{1}{4}$	$0.03\frac{3}{8}$	$0.03\frac{1}{8}$
Lumber (18) ...	25.38	24.09	24.09

* Sept. 7, 1929.

(1) Open hearth billets, \$ per ton; (2) Basic Valley, \$ per ton; (3) Electrolytic, c. per pound; (4) Mid-Continent, 38°, \$ per bbl.; (5) Pittsburgh, steam mine run, \$ per ton; (6) Spot, New York, c. per pound; (7) No. 2 red, New York, \$ per bushel; (8) No. 2 Yellow, New York, \$ per bushel; (9) Light, Chicago, c. per pound; (10) Top, Heavies, Chicago, c. per lb.; (11) Rio, No. 7, spot, c. per lb.; (12) First Latex crepe, c. per lb.; (13) Ohio, Delaine, unwashed, c. per lb.; (14) Medium, Burley, Kentucky, c. per lb.; (15) Raw Cubas, 96° Full Duty, c. per lb.; (16) Refined, c. per lb.; (17) Newsprint per carload roll, c. per lb.; (18) Yellow pine boards, f. o. b. \$ per M.

THE TREND IN MAJOR INDUSTRIES

STEEL—While little increase in output may be expected through the coming term, operations maintained near present levels and stable prices will be sufficient to assure substantial profits for steel manufacturers. More active buying is easing the strain on backlogs reported in the past period.

METALS—While the peak of the recent brisk copper buying seems to be past, orders are expected to continue heavy into the last quarter and with prices firm, producers are in a strong profit position. The Lead market continues strong and Zinc is quiet but steady.

PETROLEUM—Recently reported production cuts seem to indicate some degree of success in currently effective curtailment laws. Other projected reductions would tend to place producers in a more healthy position if such plans were enforced. Gasoline cuts in the East place distributors in that section on an uncertain earnings basis.

PUBLIC UTILITIES—Due to heavy industrial activity, demand for gas and electricity continues to increase at more than normal rates with utility earnings showing corresponding gains. Further merger moves appear likely as efforts are reported in that direction.

AUTOMOBILE ACCESSORIES—Stimulated by requirements of heavy automobile production, by increasing individual consumer demand and by generally good earnings, manufacturers of automobile accessories are making extensive preparations for increased production facilities.

TEXTILES—The announcement of price cuts for Spring woolens made recently by large manufacturing interests will have the effect of further narrowing the already slim profit margins. While larger companies may gain through increased volume, small interests may find earnings seriously impaired.

FARM EQUIPMENT—Although operations of farm equipment manufacturers are increasing, output is not expected to equal the record rates attained during the first half. Considering the favorable farm situation, however, and the extensive preparations for coming crops, the industry seems assured of a profitable Fall.

CEMENT—Although large producers have cut output to some extent this year, small local plants and heavy foreign imports have kept an excess supply on the market and prices are too low to allow satisfactory returns. Despite heavy demand little relief is in sight for the near term.

CHEMICALS—The high sustained rate of industrial activity is keeping demand and, consequently, production of industrial chemicals at high levels. With output well controlled, producers are having no difficulty in keeping prices stable and profit margins adequate.

SUMMARY—On the whole, the favorable factors in trade and industry well outweigh the unfavorable ones and the general outlook is for well maintained, if not accelerated, activity in the near future.

New York Stock Exchange

RAILS

	1927		1928		1929		Last Sale	Div'd $ Per
	High	Low	High	Low	High	Low	9/11/29	Share
A								
Atchison	200	161¾	204	182⅜	298⅝	195⅛	280	10
Do Pfd.	106¾	99⅜	108½	102½	103⅞	99	102¼	5
Atlantic Coast Line	205½	174⅞	191½	157⅛	209½	169	194½	‡10
B								
Baltimore & Ohio	125	106½	125⅝	103¾	142⅞	115⅛	141½	6
Do Pfd.	83	73¼	85	77	80½	75	78	4
Brooklyn-Manhattan Transit	70⅞	53	77¾	53⅜	81⅞	57½	63⅛	4
Do Pfd.	88	78⅛	95⅜	82	92⅝	79	81	6
C								
Canadian Pacific	219	165	253	195⅛	265⅞	218	228⅞	10
Chesapeake & Ohio	218½	151¾	218¾	175⅛	279¾	195	269	10
C. M. & St. Paul & Pacific	19¾	9	40½	22¼	44⅞	27¾	40¾	..
Do Pfd.	37½	..	59⅝	37	68⅝	46⅛	64⅝	..
Chicago & Northwestern	97½	78⅜	94¼	78	108½	80¼	102½	4
Chicago, Rock Is. & Pacific	116	68½	139⅝	106	143½	115	138¼	7
Do 7% Pfd.	111¾	102¾	111½	105	108¼	105¼	106½	7
Do 6% Pfd.	104	95¼	105	99½	102⅞	98½	100	6
D								
Delaware & Hudson	230	171⅛	226	163¼	226	182	218½	9
Delaware, Lack. & Western	173	130⅛	150	125¼	169¾	120¼	163¼	‡7
E								
Erie R. R.	69¾	39½	72½	48¾	93½	64	90½	..
Do 1st Pfd.	66¼	52⅜	68⅞	50	66¼	57	62⅜	4
Do 2nd Pfd	64½	49	62	49¼	63⅞	56	†59	4
G								
Great Northern Pfd.	103⅝	79⅝	114¾	93½	128¼	101	122⅞	5
H								
Hudson & Manhattan	65⅞	40⅛	73½	50⅛	58⅜	34½	51¾	2½
I								
Illinois Central	139⅝	121⅛	148¾	131¾	153½	132½	142⅞	7
Interborough Rap. Transit	52⅛	30½	62	29	58⅜	19⅝	24	..
K								
Kansas City Southern	70¼	41¼	95	43	108⅞	78	103⅛	5
Do Pfd.	73½	64⅞	77	66½	70½	63⅛	67	4
L								
Lehigh Valley	137⅛	88½	116	84⅛	102¼	77¾	92	3½
Louisville & Nashville	159⅛	128⅜	159½	139⅝	153½	138½	†147¾	7
M								
Mo., Kansas & Texas	56⅛	31½	58	30½	65¾	42½	53¼	..
Do Pfd.	109½	95¾	109	101½	107½	102	104½	7
Missouri Pacific	62	37⅞	76¼	41⅞	101⅜	62½	92⅝	..
Do Pfd.	118⅝	90⅛	126⅞	105	147	120	140⅝	5
N								
New York Central	171½	137⅛	196½	156	256½	178½	241½	8
N. Y., Chic. & St. Louis	240½	110	146	121¼	192⅜	128⅛	179⅞	6
N. Y., N. H. & Hartford	63¼	41⅝	82¾	54⅜	126½	80⅞	121½	5
N. Y., Ontario & Western	41¾	23¼	39	24	32	23½	24	..
Norfolk & Western	202	156	198½	175	290	191	273	‡10
Northern Pacific	102⅛	78	118	92⅜	118⅞	95½	110⅞	5
P								
Pennsylvania	68	56⅜	76⅞	61⅞	110	72½	103½	4
Pere Marquette	140½	114⅛	154	124⅞	260	148	225	‡8
Pittsburgh & W. Va.	174	122½	163	121¼	148¾	125⅝	137⅝	6
R								
Reading	123¾	94	119⅝	94¼	147¾	101⅛	141	4
Do 1st Pfd.	43½	40⅛	46	41½	50	41½	†46	2
Do 2nd Pfd.	50	43¾	59⅞	44	60¾	43⅝	56	2
S								
St. Louis-San Fran.	117⅛	100¾	122	109	133¾	109½	129½	8
St. Louis-Southwestern	93	61	124⅛	67½	45¾	82	95⅛	..
Seaboard Air Line	41¼	28⅛	30½	11⅝	21¾	12	17⅛	..
Do Pfd.	45⅝	32⅛	38	17	27	16¼	26¾	..
Southern Pacific	126⅞	106¼	131¼	117⅝	157½	124	149¾	6
Southern Railway	149	119	165	139½	162⅛	138	159½	8
Do Pfd.	101⅛	94	102¼	96⅝	99	93	95½	5
T								
Texas & Pacific	103⅞	53⅞	194⅝	99½	181	155	159	5
U								
Union Pacific	197¾	159½	224⅞	186½	297⅝	209	282⅛	10
Do Pfd.	85¾	77	87⅛	82⅛	85½	80⅛	84	4
W								
Wabash	81	40⅛	96¼	51	81⅝	60	69½	..
Do Pfd. A	101	76	102	88⅛	104⅞	88¼	†89	5
Do Pfd. B	98	65	99¼	87	91	79	83	..
Western Maryland	67⅞	13¾	54¾	31¾	54	32½	42⅛	..
Do 2nd Pfd.	67½	23	54⅞	33½	53½	38½	†42	..
Western Pacific	47½	25⅛	38½	28¼	41⅞	32	37	..
Do Pfd.	76⅝	55	62⅛	52½	67¾	56	†61	..

INDUSTRIALS and MISCELLANEOUS

	1927 High	1927 Low	1928 High	1928 Low	1929 High	1929 Low	Last Sale 9/11/29	Div'd $ Per Share
A								
Abitibi Power & Paper	150¼	83	85	36¼	57⅞	38⅛	51⅝	..
Abraham & Straus	118¾	62¼	142	90	159½	101	†122¼	..
Advance Rumely	15¾	7⅝	65	11	104⅞	27	28½	..
Air Reduction, Inc.	199⅛	134⅛	99⅝	59	217	95⅛	200¾	‡4½
Ajax Rubber, Inc.	13¾	7⅛	14⅜	7⅛	11⅛	4	4⅛	..
Allied Chemical & Dye	169¼	131	252¾	146	354¾	241	334	6
Allis Chalmers Mfg.	118¾	88	200	115⅛	330	166	296⅛	7
Amer. Agricultural Chem.	21⅛	8⅛	26	15⅝	23⅝	10⅛	11⅝	..
Amer. Bank Note	98	41	159	74¾	155	110	145⅛	‡3
Amer. Bosch Magneto	26¾	13	44⅝	15⅜	76⅛	40⅛	70⅛	..
Amer. Brake Shoe & Fdy	46	35½	49⅛	39⅞	62	45	58½	2.40
American Can	77⅝	43⅝	117⅛	70⅛	184½	107¾	170⅝	‡4
Amer. Car & Fdy	111	95	111⅛	88¼	106½	98	100¼	6
Amer. & Foreign Power	31	18⅞	85	22⅝	173⅛	75¼	170½	..
American Ice	32	25¾	46⅜	28	54	38	50¼	‡3
Amer. International Corp.	72¾	37	150	71	89⅞	52⅛	84	2
Amer. Metal Co., Ltd.	49⅝	36⅛	63¾	39	81¾	50	77⅝	3
Amer. Power & Lt.	73⅝	54	95	62¼	175¾	81⅛	165⅛	1
Amer. Radiator & Stan. Sanitary	147⅞	110⅛	191⅛	130⅛	55⅝	40⅛	52⅛	1⅛

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Price Range of Active Stocks

INDUSTRIALS and MISCELLANEOUS—*(Continued)*

	1927		1928		1929		Last Sale	Div'd $ Per
	High	Low	High	Low	High	Low	9/11/29	Share
A								
Amer. Safety Razor	64⅞	42	74⅞	56	74¾	61	†65	‡5
Amer. Smelting & Refining	188¾	132⅝	293	169	130¼	93⅛	124	4
Amer. Steel Foundries	72¾	41⅛	70⅝	50⅛	79⅞	56	62	3
Amer. Sugar Refining	95¾	65¼	93½	55	94¾	71½	†81¾	5
Amer. Tel. & Tel	185½	149¼	211	172	304	193¼	291½	9
Amer. Tobacco Com	189	120	184⅜	152	205	160	193	8
Amer. Type Founders	146	119⅞	142¼	109⅞	181	136½	181	8
Amer. Water Works & Elec	72⅛	46	76½	52	194	67¼	184	1
American Woolen	33⅜	16½	32⅜	14	27⅞	15	16⅛	..
Amer. Zinc, Lead & Smelt	10¼	5¾	57	6⅝	49¼	22⅛	23⅞	..
Anaconda Copper Mining	60½	41¼	120¼	54	140	99	129	7
Armour of Ill. Cl. A	15⅞	8¼	23½	11¼	18⅜	10¼	12⅛	..
Do Cl. B	9⅛	5	13½	6⅝	10¼	5⅛	6⅜	..
Arnold Constable Corp	55½	21	51¾	35¼	40⅞	19	26½	..
Assoc. Dry Goods	53⅝	39½	75½	40¼	70⅜	43	49	2½
Atlantic, Gulf & W. I. S.S. Line	43½	30⅜	59⅞	37⅛	68⅞	32⅛	67½	..
Atlantic Refining	131⅜	104	66½	50	77⅞	53½	65⅜	‡2
Austin, Nichols & Co	10¼	4¼	9¼	4⅝	11¾	5¼	10¼	..
B								
Baldwin Loco. Works	265¾	143⅛	285	235	66⅝	60	60⅞	..
Barnsdall Corp. Cl. A	35⅛	20¾	53	20	49⅛	33⅛	38	‡2¼
Beech Nut Packing	74¼	50¼	101¼	70⅝	101	73	87	3
Bethlehem Steel Corp	66½	43¾	86⅜	51⅞	140⅜	82⅛	129	6
Borden Company	169	167½	187	152	100½	83⅛	91	3
Briggs Mfg.	36⅜	19½	63⅝	21⅛	63⅛	30¼	33⅝	..
Bucyrus-Erie Co.	31	21½	48¾	24⅛	42¾	25⅛	32	1
Burns Bros. new Cl. A Com	125¾	85½	127	93⅛	127	94	†96	8
Do new Cl. B Com	34¾	16¼	43⅜	15⅞	39	22⅝	†28½	..
Byers & Co. (A. M.)	102¾	42	206¾	90½	192⅞	120¼	139⅞	..
C								
California Packing	79	60¼	82⅝	68⅛	84⅞	72⅛	82⅞	4
Calumet & Arizona Mining	123½	61⅛	133	89	136¾	123	128⅛	10
Calumet & Hecla	24¾	14¼	47⅜	20⅛	61⅞	36⅝	45⅜	4
Canada Dry Ginger Ale	60⅛	36	86½	54⅞	98¾	78	87¼	5
Cerro de Pasco Copper	72½	58	119	58⅛	120	88⅝	100⅛	6
Chile Copper	44⅜	33⅛	74⅞	37⅜	127½	71⅜	†99	..
Chrysler Corp.	63½	38⅛	140½	54¾	135	66	71	3
Coca Cola Co	199½	96½	180½	127	154½	120⅝	148¾	4
Collins & Aikman	113⅜	86	111¾	44⅛	72¼	39	39	..
Colorado Fuel & Iron	96⅜	42⅝	84½	52½	78½	56	62	..
Columbian Carbon, V. T. C.	101¼	66⅞	134¾	79	228½	121¼	208	‡4¾
Colum. Gas & Elec.	98¾	82⅞	140⅞	89½	100½	53⅛	99¼	2
Commercial Credit	24½	14	71	21	62⅝	43	51⅛	2
Commonwealth Power	78¾	48⅝	110½	62¼	246	107¼	†212	..
Congoleum-Nairn, Inc.	29¾	17¼	31½	22	35¾	19½	24⅛	..
Congress Cigar	88½	47	87¼	67	92⅜	67	70	‡5½
Consolidated Gas of N. Y.	125¾	94	170¼	74	183¼	95½	172⅝	3
Continental Baking Cl. A	74⅞	33½	53½	26½	90	47½	82	..
Do Cl. B	10¼	4	9⅜	3¾	15¼	8⅛	13¼	..
Continental Can, Inc	86⅞	58¾	128⅞	53	91⅞	60	84⅜	2½
Continental Motors	13¾	8⅞	20½	10	28⅜	13	14½	.80
Corn Products Refining	68	46⅞	94	64⅜	116⅞	82	116⅜	3½
Crucible Steel of Amer	96¾	76½	93	69¼	121¾	85	114	5
Cuba Cane Sugar	10¾	4⅞	7⅛	4⅜	5½	¾	1¼	..
Cuban-Amer. Sugar	26½	18⅞	24¼	15⅜	17	11	12¼	..
Cudahy Packing	58¾	43½	78¼	54	67⅞	49	51¼	4
Curtiss Wright	..	..	..	..	30⅛	24¾	25¾	..
Cuyamel Fruit	55½	30	63	49	106	63	†106	..
D								
Davison Chemical	48⅛	26¼	68¾	34⅜	69⅛	42⅞	50⅝	..
Drug, Inc.	..	..	120⅛	80	126⅛	105	114⅜	4
E								
Eastman Kodak Co.	175¼	126¼	194¼	163	227⅜	168	205	‡8
Eaton Axle & Spring	29¾	21¼	68⅛	26	76¾	56	57¾	3
E. I. du Pont de Nemours	343⅞	168	503	310	231	155¾	215½	‡4½
Elec. Power & Light	32⅜	16½	49⅜	28¾	84¼	43⅛	79¼	1
Elec. Storage Battery	79½	63¼	91⅛	69	92⅞	77	†84	5
Endicott-Johnson Corp.	81¼	64¾	85	74¾	83⅜	57⅜	67	5
Engineers Pub. Service	39⅝	21¾	51	33	79⅝	47	70⅛	1
F								
Federal Light & Traction	47	37½	71	42	109	68⅛	†89	1½
Fisk Rubber	20	14¾	17¾	8⅞	20⅛	6¼	7⅝	..
Fleischmann Co.	71⅛	46⅛	89⅜	65	109⅝	65⅛	109½	‡4
Fox Film Cl. A	85½	50	119⅝	72	101	80¾	94¾	4
Freeport Texas Co.	106½	34¼	109¼	43	54⅞	37¾	47¾	4
G								
General Amer. Tank Car	64⅜	46	101	60⅞	114¾	81	112	4
General Asphalt	96¾	65	94⅞	68	94¾	61	68	..
General Electric	146⅝	81	221½	124	408	219	374½	‡6
General Foods Corp.	126⅛	92⅝	136½	61⅜	81¾	62¾	70⅛	3
General Motors Corp	141	113¼	224¾	130	91¾	66¼	74⅝	‡3.30
General Railway Signal	153¼	82⅛	123⅝	84¼	126½	93½	119⅝	5
Gold Dust Corp., V. T. C.	78¾	42	143¼	71	82	53⅛	64½	2½
Goodrich Co. (B. F.)	96½	42¾	109¼	68⅛	105¾	71	71⅜	4
Goodyear Tire & Rubber	69⅜	48⅜	140	45⅛	154½	103	111¾	5
Graham-Paige Motors	..	..	61¼	16¾	54	22⅛	22½	..
Granby Consol., Min., Smelt. & Pr.	45	31⅛	93	39⅛	102⅞	62⅛	82	7
Great Western Sugar	44⅝	35⅛	38⅛	31	44	32¾	37	‡.80
Greene Cananea Copper	151⅛	29¼	177¼	89⅝	200½	136⅛	194	8
Gulf States Steel	64	40	73⅞	51	79	55¼	66½	4
H								
Hershey Chocolate	40¼	37⅞	72⅛	30⅜	132	64	129⅞	..
Houston Oil of Texas Tem. Ctfs	175	60⅛	167	79	109	68½	78½	..
Hudson Motor Car	91½	48¼	99⅞	75	98½	75⅛	82¼	5
Hupp Motor Car	36¼	16	84	29	82	38⅛	40½	2
I								
Inland Steel	62⅜	41	80	46	113	78½	104	3½
Inspiration Consol. Copper	25½	12⅛	48⅞	18	66¾	38⅛	47¾	4
Inter. Business Machines	119¾	53⅛	166⅜	114	246½	149¾	237¾	5
Inter. Cement	65⅜	45¼	94⅞	56	102¾	67⅝	67¾	4
Inter. Comb. Eng. Corp.	64	40⅛	80	45¼	103⅛	54⅛	68⅞	2
Inter. Harvester	255⅝	135¾	97⅞	80	142	92	133½	2½
Inter. Mercantile Marine	8¾	3½	7⅜	3⅜	36⅛	26⅛	32¾	..
Inter. Nickel	89½	38¼	269½	73⅝	72¾	40⅛	54⅛	1
Inter. Paper	81⅛	39⅛	86⅜	50	83	57⅛	†60	..
Inter. Tel. & Tel.	158⅞	122¼	201	139⅛	149¼	78	138⅝	2
J								
Johns-Manville	126	88½	209	96⅛	242⅞	138⅛	217	3

New York Stock Exchange Price Range of Active Stocks

INDUSTRIALS and MISCELLANEOUS—*(Continued)*

	1927		1928		1929		Last Sale	Div'd $ Per
	High	Low	High	Low	High	Low	9/11/29	Share
K								
Kelly-Springfield Tire	32¼	9½	25½	19¼	24	9⅞	10	..
Kennecott Copper	90⅜	60	156	80⅛	104⅞	77⅝	91½	5
Kresge Co. (S. S.)	77¼	45⅞	91¾	65	57½	44⅛	51	1.60
Kroger Grocery & Baking	145	119	132¼	73¼	122½	75½	90	1
L								
Lehn & Fink	43	32⅝	64⅞	38	68½	40	44	3
Liggett & Myers Tob	128	87½	122½	83⅛	103½	81⅛	94	‡5
Lima Loco. Works	76⅜	49	65⅞	38	57¾	42¾	†47	..
Loew's, Inc.	63⅞	48⅞	77	49⅛	84⅛	48⅛	59⅞	2
Loose-Wiles Biscuit	57¼	35½	88¾	44¼	88⅜	56	83⅞	2.60
Lorillard	47⅜	23½	46⅞	23¾	31½	20	21⅝	..
M								
Mack Truck, Inc.	118¾	88¼	110	83	114¾	91	99½	6
Magma Copper	58¾	29⅛	75	43¾	82½	60	72⅛	5
May Dept. Stores	90⅜	66¾	113½	75	108½	73½	78⅝	4
McKeesport Tin Plate	..	..	78⅜	62½	82	62½	72	4
Mexican Seaboard Oil	9¼	3	73	4⅝	69⅜	33⅛	34⅞	..
Miami Copper	20¾	13⅛	33	17¾	54½	30⅛	45¾	4
Mont. Ward & Co.	121½	60⅜	156½	115¼	156⅞	99	128¼	2½
Murray Body	43	16¼	124¼	21½	100⅞	62	62	3
N								
Nash Motor Car	101⅞	60¼	112	80¼	118⅞	81⅛	84¼	6
National Biscuit	187	94¾	195¼	159½	216¾	166½	202	‡6½
National Cash Reg.	51⅝	39⅞	104¾	47¼	148¾	96	137½	‡4
National Dairy Prod.	68⅞	59¼	133½	64½	86½	62⅛	76¾	1½
National Enameling & Stamp	35⅜	19⅛	57⅜	23¼	62¼	43	†52	2
National Lead	202¾	*95	136	115	185	132	184¾	5
National Power & Light	26¾	19¼	46⅝	21⅞	71¾	42¼	66	1
Nevada Consol. Copper	20⅝	12¾	42⅜	17¾	62⅞	39¾	51⅝	3
N. Y. Air Brake	50	39¼	50½	39⅞	49¾	41½	44	3
North American Co.	64½	45⅝	97	58⅝	186¾	90⅝	168¾	§10%
O								
Otis Steel	12½	7¼	40⅛	10½	52¼	37	48⅛	2½
P								
Packard Motor Car	62	33¾	163	56¼	32⅛	26⅜	31	..
Pan-American Pet. & Trans.	65⅞	40⅛	55½	38¼	69	40¼	66	..
Paramount Famous Lasky	115⅜	92	56⅜	47¼	74	55⅛	71	3
Phila. & Reading C. & I.	47⅝	37⅜	39¾	27⅜	34	17⅜	23⅛	..
Phillips Petroleum	60¼	36¼	53⅞	35¼	47	35	38	1½
Pierce-Arrow Cl. A	23⅝	9⅛	30⅞	18½	37⅞	27½	32½	..
Pillsbury Flour Mills	37⅛	30⅞	58⅞	32¾	63⅞	39⅛	50	‡2½
Pittsburgh Coal of Penna.	74½	32¾	78⅞	36½	83⅝	54⅛	†71½	..
Pressed Steel Car	78¼	36½	33½	18	25⅜	15	16½	..
Public Service of N. J.	46⅞	32	83⅛	41⅛	129½	75	123⅝	2.60
Pullman, Inc.	84¾	73¾	94	77⅞	91⅞	78	84	4
Pure Oil	33½	25	31¼	19	30¾	23¼	27	1½
R								
Radio Corp. of America	101	41⅛	420	85¼	114	68¼	109⅝	..
Remington-Rand	47¼	20⅛	36⅛	23¼	51⅛	28	48⅛	..
Reo Motor Car	26⅞	25⅛	35¼	22½	31⅞	20	21	‡1.60
Republic Iron & Steel	75⅞	53	94⅛	49⅛	137¼	79¼	135¼	4
Reynolds (R. J.) Tab. Cl. B.	162	98⅛	165½	126	66	53	56	2.40
Richfield Oil of Calif.	28⅝	25⅜	56	23½	49⅝	38⅞	42⅜	2
S								
Savage Arms Corp	72½	43½	51	36¼	51⅞	38	39	2
Schulte Retail Stores	57	47	67½	35¾	41½	16⅜	19⅛	..
Sears, Roebuck & Co.	91½	51	197½	82⅛	181	139¾	164¾	2½
Shell Union Oil	31¾	24⅝	39⅜	23¼	31¾	25	28⅜	1.40
Simmons Co.	64¾	33½	101⅜	55¾	176	75	176	3
Sinclair Consol. Oil Corp.	22¾	15	46¾	17⅜	45	31½	37½	‡2½
Skelly Mfg. Co.	37¾	24⅛	42⅝	25	46½	32⅞	42⅜	2
Spicer Mfg. Co.	28⅞	20½	51⅝	23½	66¾	45	57¾	..
Standard Gas & Elec. Co.	66¾	54	84⅝	57⅞	201½	80¾	196½	3½
Standard Oil of Calfi.	60¾	50⅜	80	53	81⅞	64	77¾	‡3
Standard Oil of N. J.	41⅜	35⅛	59¾	37¾	80½	48	80⅛	‡2
Standard Oil of N. Y.	34⅛	29¾	45½	28¾	47	37⅝	46⅜	1.60
Stewart-Warner Speedometer	87⅛	54¼	128⅛	77¼	77	64¾	67⅛	3½
Studebaker Corp.	63⅛	49	87½	57	98	73	74	5
T								
Texas Corp.	58	45	74¾	50	71¾	57¾	70⅜	3
Texas Gulf Sulphur	81⅜	49	82½	62⅛	85¼	69⅝	70⅝	4
Texas Pacific Coal & Oil	18⅞	12	26⅝	12⅛	23⅞	15⅛	17	5
Tide Water Assoc. Oil	19⅛	15⅜	25	14¾	23½	17⅛	20	..
Timken Roller Bearing	142½	78	154	112⅝	114⅝	73½	110¼	3
Tobacco Prod. Corp.	117⅝	92⅝	118⅛	93	22⅛	12⅜	13⅛	1.40
Transcontinental Oil temp. ctf.	10⅜	3¾	14⅛	6¾	15¼	9	13⅝	..
U								
Underwood-Elliott-Fisher	70	45	93⅞	63	165¼	91	156	4
Union Carbide & Carbon	154⅛	99⅛	209	136⅛	140	75¼	133	2.60
Union Oil of California	56½	39⅝	58	42¾	54½	45½	52⅛	2
United Cigar Stores	38⅛	32⅜	34⅝	22⅞	27½	13½	14⅛	1
United Fruit	150	113⅛	148	131⅛	158⅛	109⅝	116	4
U. S. Cast Iron Pipe & Fdy	246	190⅛	53	38	55⅞	26⅛	31	2
U. S. Industrial Alcohol	111⅛	69	138	102⅛	213⅛	128	205⅛	6
U. S. Rubber	67⅛	37¼	63⅛	27	65	42	51	..
U. S. Smelting, Ref. & Mining	48⅞	33⅜	71⅛	39⅛	72⅝	48	52½	3½
U. S. Steel Corp.	160⅛	111⅜	172½	132⅜	261⅜	163	240⅛	7
V								
Vanadium Corp.	67⅛	37	111⅛	60	116⅛	68	89⅝	‡4
W								
Warner Bros. Pictures	45⅛	18⅛	139¼	80⅞	64½	54¼	59	‡3⅛
Western Union Tel.	176	144½	201	139⅛	238½	179⅝	224	8
Westinghouse Air Brake	50½	40	57⅞	42⅛	67⅜	43¼	61	2
Westinghouse Elec. & Mfg.	94⅜	67⅝	144	88⅛	200⅝	137½	265	4
White Motor	58⅜	30¼	43⅜	30¼	58⅛	38	45	1
Willys-Overland	24⅜	13½	33	17⅜	35	20	21¼	1.20
Woolworth Co. (F. W.)	198½	117¾	225¾	175½	100⅞	85	97	2.40
Worthington Pump & Mach.	46	20½	55	28	121⅛	43	118¾	..
Y								
Youngstown Sheet & Tube	160⅛	80⅛	115⅝	83½	143	140	142½	5

* Ex-dividend. † Bid Price. ‡ Partly Extra. § Payable in stock.

Securities Analyzed, Rated and Mentioned in This Issue

Industrials

Bonds

Public Utilities

Mining

Railroads

Petroleum

Important Corp. Meetings

Company	Specification	Date of Meeting
Allis-Chalmers Mfg.	Special	9-20
Anaconda Copper Mining	Dividend	9-24
Baldwin Loco. Works	Special	10-3
Canadian Car & Foundry	Special	9-26
Central Railroad of New Jersey	Annual	9-20
City Stores Co.	Annual	10-1
Cuba Company	Annual	9-30
Cuba Railroad	Annual	9-30
Dow Chemical	Special	9-24
Dunhill International, Inc.	(Postponed Annual)	10-5
Great Northern Ry.	Annual	10-10
Hawaiian Pineapple, Ltd.	Special	10-11
Houdaille Hershey Corp.	Special	9-27
Oppenheim, Collins & Co., Inc.	Annual	10-1
Pittsburgh Steel Fdy. Corp.	Special	9-30
Southern Ry.	Annual	10-8
Western Pacific R. R.	Annual	10-1
Westinghouse Elec. & Mfg.	Directors	9-25

THE MAGAZINE OF WALL STREET'S
COMMON STOCK PRICE INDEX
(1925 Closing Prices = 100)

Number of Issues in Group	Group	1929 Indexes (379 Issues)		Recent Indexes		1928 Indexes (308 Issues)		
		High	Low	Aug. 31	Sept. 7	Close	High	Low
379	COMBINED AVERAGE	173.1	151.3	171.4	173.1	165.4	166.0	109.2
40	Railroads	169.5	142.1	169.5H	169.3	147.1	148.9	119.5
3	Agricultural Implements	655.4	378.2	468.0	469.2	513.2	513.2	280.5
8	Amusements	268.0	216.7	236.4	236.2	253.8	262.9	98.3
15	Automobile Accessories	212.6	176.9	187.0	185.8	190.2	190.2	86.4
18	Automobiles	134.9	99.7	100.3	102.4	133.5	133.5	79.0
2	Aviation (1927 Cl.—100).....	307.1	264.5	301.5	279.2	284.4	(Begun 1929)	
3	Baking (1926 Cl.—100)	96.3	73.4	84.4	85.6	82.3	82.9	51.5
2	Biscuit	261.0	198.6	246.9	261.0h	225.2	242.4	169.7
4	Business Machines	363.6	234.1	363.6h	363.6	235.0	235.0	153.7
2	Cans	273.5	177.7	273.5H	262.8	177.7	181.4	117.2
7	Chemicals and Dyes	340.1	221.7	340.1h	337.8	221.9	(Begun 1929)	
2	Coal	124.0	80.3	106.4	104.8	120.2	120.3	81.8
14	Construction & Bldg. Material	141.3	116.6	136.8	141.2	136.9	136.9	94.4
15	Copper	391.5	284.6	329.2	340.5	299.6	299.6	159.8
3	Dairy Products	136.9	109.8	136.9h	133.7	120.4	132.5	68.1
7	Department Stores	86.5	62.1	69.2	71.3	86.5	89.5	62.9
10	Drugs & Toilet Articles......	199.2	166.9	180.9	176.7	196.0	201.9	157.2
5	Electric Apparatus	298.5	183.5	297.8	286.1	183.5	183.5	125.6
3	Fertilizers	121.4	65.8	69.9	71.2	106.4	116.3	78.4
2	Finance Companies	211.9	161.4	211.9h	210.8	178.5	(Begun 1929)	
4	Furniture & Floor Covering...	209.3	143.3	196.5	209.3H	185.0	185.0	110.2
5	Household Appliances	110.8	88.3	94.4	92.1	110.8	113.3	87.5
3	Investment Trusts	406.2	154.4	351.0	333.0	154.4	(Begun 1929)	
3	Mail Order	418.6	309.0	365.9	355.8	418.6	426.5	147.9
4	Marine	93.7	71.4	74.0	77.8	77.4	96.5	66.8
2	Meat Packing	104.4	70.6	77.7	74.6	104.4	(Begun 1929)	
40	Petroleum & Natural Gas....	171.7	143.5	160.5	156.8	164.4	182.6	86.1
5	Phono'phs & Radio (1927—100)	321.1	248.9	270.9	289.1	290.0	(Begun 1929)	
17	Public Utilities	373.9	213.3	360.8	373.9H	215.5	215.5	127.9
10	Railroad Equipment	135.7	117.5	135.4	132.3	127.6	128.9	112.1
3	Restaurants	176.2	119.3	176.2	171.7	131.0	138.1	89.8
2	Shoe & Leather..............	178.3	117.3	137.3	133.2	176.2	231.4	138.3
2	Soft Drinks (1926 Cl.—100)...	244.0	206.9	242.3	235.0	208.6	214.0	152.9
13	Steel & Iron	178.4	133.3	172.7	169.8	138.8	143.4	86.3
6	Sugar	81.6	59.5	59.5L	60.6	78.7	93.7	72.8
2	Sulphur	295.2	242.5	280.3	272.5	286.9	386.9	251.6
3	Telephone & Telegraph.......	252.3	150.1	252.3H	250.0	150.1	150.1	120.8
6	Textiles	128.5	85.2	86.7	85.2 l	122.8	123.8	78.6
8	Tire & Rubber	111.4	63.2	67.5	69.5	104.0	104.0	61.5
11	Tobacco	184.6	138.9	143.8	141.2 l	180.9	195.0	167.8
5	Traction	140.4	80.4	80.4 l	83.5	126.6	150.4	103.6
2	Variety Stores	128.8	110.9	128.8h	127.7	124.4	126.8	98.0

H—New HIGH record since 1925. L—New LOW record since 1925.
h—New HIGH record this year. l—New LOW record this year.

(An unweighted Index of weekly closing prices specially designed for investors. The 1929 Index includes 379 issues, distributed among 42 leading industries, and covers about 90% of the total transactions in all Common Stocks listed on the New York Stock Exchange. It is compensated for stock dividends, rights and assessments and reflects all important price movements with a high degree of accuracy. Our methods of making annual revisions in the list of stocks included renders it possible to keep the Index abreast with evolutionary changes in the market, without impairing its continuity or introducing cumulative inaccuracies.)

Westinghouse Air Brake

(*Continued from page 931*)

tained in sizeable proportions during the latter half of this year, and with no signs as yet of any let down in the sales of the Union Switch & Signal Co., prospects are bright for another record showing of earnings for the full year.

The stock is selling a few points below its high for this year, giving at 62 a yield of 3.2% on the annual dividend rate of $2. The market price is 23 times estimated earnings of around $2.75 a share. The apparent attraction lies in the long pull possibilities, involving likely cash dividend extras and permanent increases or possible stock distributions.

American Rolling Mill

(*Continued from page 933*)

serves for depreciation and other purposes had swelled to slightly over $22,900,000 as against slightly above $14,500,000 the year before.

Strengthening Financial Position

The program of strengthening the company's financial position as shown by the foregoing figures will undoubtedly continue. This policy of retrenchment was evident in the calling of the company's entire outstanding 6% Series A cumulative preferred stock, amounting to $5,000,000, for payment at 105 last April 1st. This is the tenth reduction in capitalization that has occurred in the twelve years since the present company was organized.

The company now has outstanding $35,483,850 in common stock of $25 par value of an authorization of $50,000,000, made effective in May of last year. The original authorization of $8,000,000 was advanced in 1917 to $20,000,000 and in 1924 to $30,000,000. The only other capital item outstanding today is $88,400 of 6% preferred stock of $100 par value. This is the result of whittling down at intervals an original issue of $800,000 later raised to $1,500,000 (in 1917).

Issues of 7% debenture preferred stock that reached a total outstanding figure of $6,883,600 at the end of 1921 were finally redeemed in 1923. After attaining in 1924 a total outstanding amount of $12,116,400, various issues of a 7% cumulative preferred stock were reduced to $11,643,600 which was redeemed in whole on April 1st, 1928.

Thus, in the past six years approximately the company has eliminated $24,000,000 in senior issues.

The total funded debt of the company, including $5,000,000 of Columbia Steel Co. 6s and $348,782 of subsidiary miscellany, amounted to $32,382,782 as of December 31st, 1928.

Dividend Policy

Generous cash and stock dividends have been paid by the company since 1907, an unbroken record of 22 years. Cash dividends of upwards of 12% have been liberally interspersed with stock disbursements ranging from 5% to 100%. The current annual rate is 8% in cash and 5% in stock. The stock distribution is the outcome of a 50% declaration made in 1924 to be payable in 5% installments for a period of 10 years. The total rate, at present market prices for the stock, gives a yield of around 6½%.

Considering the highly favorable speculative background afforded the stock by the company's brilliant prospects, the present price of around 137 appears to offer attractive possibilities.

As Sales Executives View the Business Prospect

(*Continued from page 915*)

consistently higher than last year. It is worth noting that this record has been possible without an appreciable increase in the rolling stock of the roads. The traffic managers have found it possible to speed up delivery. In some instances freight has been moved at express speed and thus the roads have been able to keep pace with the acceleration of industry and commerce. Nearly two hundred and forty billion net ton miles was the accomplishment of the American railroads during the first half of 1929. This represents an average freight train speed of 13.4 miles per hour. When it is realized that the motor truck and the motor bus are today actively competing with the rail lines for traffic and more is being shipped over the open highways than ever before, this record of the rail lines has a double significance.

Old measures of business are today not so infallible as they were in years previous. It is becoming trite to say that the radio and aviation have opened up a new era. We seem to forget that the railroads and the motor car have reached new peaks of excellence and service. As for that matter it is not unsafe to say that just as we have our

"Bremens" on the ocean so we have our new records of achievement in all the older lines of endeavor.

There has come about a new tempo of living, which is timed to the new spirit of production and sales.

"We who are selling a quality merchandise," said one sales manager, "are in a better position than ever to get our share of the public's business. The public keep demanding better things, not cheaper things. Every year we have a natural increase of business due to the reputation of our product, and although the increase is not large, it is certainly consistent and steady."

A glance at the report of President Hoover's Committee on Recent Economic Changes will show how this has come about. If the American laboring man were maintaining the same living scale as he did in 1914 he would today be paying prices from 60 to 70 per cent higher. But we find he is today drawing wages 130 per cent higher than he received in 1914. The difference is seen in the increased scale of living and increased savings.

Broader Viewpoint

Business management has a keener appreciation of the fundamental factors which are making for prosperity today. That is why business has shown as much readiness as any other part of the body politic to see that agriculture receives the essential aid that is its due. Management knows that prosperity is not permanent if immediate and excessive profits are garnered selfishly. And furthermore there is today more brains being spent on the problems of marketing than at any time in the past history of the country. It is well that such is the case for it has certainly tided us over a possible deflation and turned the corner of 1929 with a record of prosperity that has been surprising if not startling.

It is rather generally conceded by sales managers that any man who takes other than an optimistic view of business progress is arguing against history. The general consensus is that business is going to continue on its way, that records which have been set up are going to be broken many, many times. The entire business structure is better organized than in the days when serious business depressions were experienced at—say—three year periods. It would require some extraordinary conditions to bring on one of the old-time depressions, and possible speculative fluctuations of the stock market have

little or no effect upon the upward trend of business.

The only danger signal which is seriously contemplated by management is the possibility that sales organizations may too easily become satisfied. An increase of say 20 per cent in sales may be accepted as a successful season, whereas it may represent no more than a normal increase in business generally. They foresee a danger in success—not danger from the point of view of the entire business situation, but from the point of view of individual companies smug in their positions, because they have enjoyed a very substantial increase. There is a danger of getting business laxity, getting soft, getting contentment. A little scare now and then may do much toward driving the sales staffs on to higher levels of business records, and that is what management is generally prepared for today.

General Public Service

(*Continued from page 919*)

July 1st, 1931, on the basis of 13 shares of common stock for each $1,000 of bonds. After July 1st, 1931, the conversion ratio drops to 12 shares for two years subsequent to that date; from July 1st, 1933, to July 1st, 1935, 11 shares and to 10 shares for the remaining years to maturity. The bonds are callable at 110 until July 1st, 1931, and thereafter on a graduated downward scale. No mortgage lien or other security attaches to the issue, it being strictly a credit obligation of the company. As such, however, the company's demonstrated earning power, conservative management, substantial junior equities and indenture provisions impart sufficient protection to it to justify a sound investment rating.

As of June 30th, 1929, the company's investment account had a market value in excess of $37,790,000 for various holdings distributed among 54 companies. The largest investment in any single company amounted to only 6.86% of the total assets, based on market values, and public utility securities comprised about 75% of the total investment, based on initial cost. Utility investments contributed 73% of the company's income. Included among its holdings were 45,000 shares of American Superpower Corp., 3,500 shares of American Telephone and Telegraph, 60,000 shares of Commonwealth & Southern Corp., 6,300 shares of Consolidated Gas Co. of New York, 9,750 shares of International Telephone and Telegraph Co., and 5,000 shares of F. W. Woolworth Co., all which were acquired at average prices substantially under their present market value.

Rising Asset Value

The judgment and foresight entering into the selection of the company's investment portfolio is reflected in the steady enhancement in the asset value of the common stock. As of July 31st, 1929, the 613,872 outstanding shares of common stock had an asset value in excess of $60 per share, after giving effect to the sale of $10,000,000 debentures contrasting with $23.67 per share on July 31st, 1928. Earnings have shown a corresponding gain and total income for the twelve months' period ended June 30th, 1929, amounted to $2,501,436 as compared with $1,295,000 for the full 1928 year and $1,261,548 for 1927. The latest report shows earnings sufficient to cover annual interest requirements on all of the outstanding debentures over three times and a net asset value of more than $3,200 per $1,000 debenture, was revealed.

Reverting again to the conversion feature, the present ratio of 13 shares for each $1,000 debenture is equivalent to a price of 77 for the common stock, which, however, has sold as high as 98 this year and is now quoted around 80. It is obvious, therefore, that interesting possibilities attach to the conversion privilege which might materialize to the advantage of bondholders in the not very distant future. Moreover, the well diversified investment portfolio includes numerous equity issues of companies having considerable future promise and which will, over a period of time undoubtedly contribute substantial gains to the company's assets and income.

Answers to Inquiries

(*Continued from page 942*)

it profitable in the past. What are the prospects of increased dividend payments on this stock? At present the yield is small. —V. M. L., Newport, Ky.

Enjoying a virtual monopoly in the manufacture of tapered rolling bearings, supplying about 90% of the leading makers of automobiles, Timken Roller Bearing has greatly extended its field in later years. While business from automotive sources is substantial, the company also makes bearings for railroads, street railways and industrial concerns, in addition to which it ranks as the largest manufacturer of electric steel and alloy seamless tubing in the world. Trend of earnings has been mainly upward since the subnormal

1921 year, with rapid and substantial expansion in prospect through the wider adaptation of roller bearings for use on railroad equipment. Net income in 1928 equalled $5.72 a share on 2,401,754 shares outstanding, after giving effect to the two-for-one split-up early this year, followed by $3.51 a share on 2,407,779 shares in the six months ended June 30th, 1929, with unofficial estimates of around $10 a share in the full 1929 year. Financial position is impressive, and a higher dividend than the $3 a share annual rate now in force could be comfortably supported. We see no reason to discourage proposed commitments.

FIDELITY-PHENIX FIRE INSURANCE

What are the nearby prospects for Fidelity-Phenix? I have 25 shares for which I paid 110 in July. Isn't the price of this stock liable to go down substantially in any severe market reaction because of the company's reported large holdings of such stocks as New York Central. American Telephone and Telegraph, etc. Would it be wise, therefore, to close out my commitment?—G. H. L., Valdosta, Ga.

Fidelity-Phenix Fire Insurance Co. is a member of the "American Fore" group, so-called, having been organized in 1910 as a consolidation of the Fidelity Fire and Phenix Insurance companies. Underwriting profits have been of a favorable character in recent years and by virtue of an exceptionally well diversified investment portfolio, net appreciation in value of securities has been substantial. Owing to the practice of adjusting values of investment security holdings to market price, reports show not only the profits actually realized through the sale of securities but also the "paper" profits representing gains in book value of securities retained. These are, of course, credited to surplus just as any losses are charged thereto. We have implicit confidence in the management's ability to adjust its investment account to correspond to changing conditions in the general securities market, and while the stock seems lacking in outstanding attraction at existing price levels, the issue has definite merit for the longer term holding, and we are not averse to recommending retention on that basis.

R. J. REYNOLDS TOBACCO

With the keen competition that now exists, do you think the time has come to switch out of Reynolds Tobacco? I have a small profit on 20 shares of the old B stock bought last year.—W. L. B., Joplin, Mo.

The R. J. Reynolds Tobacco Co., enjoys the distinction of having the

largest net earnings of any of the domestic tobacco companies in 1928. Net income for that period exceeded $30,170,000 or about $5,000,000 greater than that of its nearest competitor. Based on the present capitalization, profits last year were equal to $3.02 per share on the combined class B and common stock, as contrasted with $2.91 per share in 1927. The upward trend revealed by this comparison is typical of the trend of earnings in recent years and the company has been one of the chief beneficiaries of the tremendous increase in the consumption of cigarettes. A substantial measure of the public favor accorded the company's chief brand of popular priced cigarettes, "Camels" must be attributed to the aggressive advertising and merchandising methods characteristic of the management. Notwithstanding the huge sums spent annually for advertising purposes, the company's impregnable financial position is one of its chief statistical features. The 1928 balance sheet indicated current assets amounting to over $135,775,000 with cash alone totalling nearly three times current liabilities. Following the 2½-for-1 split-up in the common and class B shares earlier this year, cash dividends were inaugurated at the annual rate of $2.40 per share. On the basis of this rate, the shares appear amply priced, at prevailing quotations. On the other hand, the company faces a wholly promising outlook and as a longer pull proposition, the shares may be conceded definite merit.

INLAND STEEL

Reporting earnings of $5.11 for the first half of the year and with very good merger prospects, Inland Steel seems to be undervalued. What is your opinion? I have 100 shares for which I recently paid 110. Shall I continue to hold?—R. B. H., Waterloo, Iowa.

We are inclined to share your evident belief that Inland Steel common shares, on the basis of recent quotations, seem somewhat out of line with other representative issues in the steel group. The company ranks as one of the strongest of the independent steel companies, and the second largest in the Chicago District. It enjoys a widely diversified line of products and has the advantage of marketing a large percentage of output in Chicago and at points within a radius of 100 miles from its plants. Financial position is impressive and reflecting the exceptionally high levels of activity in the current year to date, income in the first six months was equal to $5.11 a share of common stock against $3.88 a share in the same period of 1928, the latter figure after allowing for three

months' dividends on the preferred stock since retired. With the outlook favorable for the second half of the current year, promise is held forth that results in the full 1929 year will show marked improvement over the balance of $7.63 a share reported in the full 1928 year. Rumors will not down of an eventual merger with Youngstown Sheet & Tube with the possibility of certain other important units being included, which, if finally consummated would doubtless be effected on a basis favorable to Inland common shareholders. We see no reason for disturbing present holdings.

RADIO

Shall I take advantage of the present move in Radio to dispose of 50 shares which cost me 101 last May? The earnings report of this company for the first half was very disappointing and I am afraid the stock would sell off rapidly if there should be a break in the market. Do you know of any new development that it behind the current run-up?—S. H. E., Westfield, Mass.

Developed earning power to date of Radio Corp. of America forms little basis for judging the merit of the common stock, inasmuch as main efforts in the past have been devoted to an extensive development program, which has resulted in the company now occupying a position of undisputed leadership in its field. Financial position is impregnable, the company has excellent affiliations, and seems destined to enjoy future substantial expansion, both in scope of operations and earning power to correspond with anticipated growth of the industry as a whole. From time to time, the stock is subject to wide speculative favor, resulting in market prices moving over a wide range, but we believe that where patience is employed and the issue is held for the longer pull, regardless of temporary market price fluctuations, the results achieved should warrant retention.

GENERAL FOODS

Judging from its market action, General Foods common seems to be an extreme long pull holding. I have had 50 shares since last November and the current price is about what I paid. While this company is still in the development stage, do you think I could invest my money to better advantage in some other stock?—M. G. P. Long Beach, Calif.

General Foods Corp. is successor by change of name to Postum Co., Inc., the new title being adopted to more clearly present the scope of the company's business in line with the energetic methods successfully followed by the management in the past. Notably good results have been obtained by combining under one management the manufacture of various food products, widely advertised, including such well known brands as "Postum," "Grape-nuts," "Post Toasties," "Baker's Chocolate," "Calumet Baking Powder," "Certo," "Jello," "Maxwell House Coffee," "Minute Tapioca" and "Swansdown Cake Flour," etc. Net income in the six months ended June 30th, 1929, equalled $1.89 a share on 5,200,076 shares outstanding against $2.14 a share on 3,476,314 shares in the same period of 1928. Combined earnings, including profits of subsidiaries, prior to date of acquisition, for the six months ended June 30th, 1929, equalled $2 a share. In furtherance of an extensive expansion program, accompanied by substantial increases in capitalization, per share earnings are likely to continue somewhat retarded for the present, but the company is building valuable good-will and laying the foundation for future substantial expansion in income account. Financial position is impressive and the enterprise seems to face a bright outlook. As a speculation of the better grade, we do not advise against retention for income and future enhancement in quoted values.

SUN OIL

In view of the clouded outlook for the oil industry, shall I close out 25 shares of Sun Oil on which I have a small profit? Is further market appreciation in this stock likely because of its affiliation with Texas Gulf? I shall be guided by your advice.—M. S. D., Laporte, Ind.

Permanent improvement in the petroleum industry has been slow to materialize, but with evidence of closer co-operation between important oil interests with a view toward a more intelligent control over production, which may be expected to result in a strengthening of the price structure for both crude and refined products, any marked change in conditions is likely to be in the nature of an improvement. Sun Oil Co. is a completely integrated unit in the industry and given the benefit of reasonably favorable conditions in its field has demonstrated its ability to function on a satisfactorily profitable basis. Income in 1928 registered an appreciable gain over 1927, reflecting some improvement in basic conditions in the industry, and as the result of operating economies expected from the modernizing of its refineries, recently completed, a moderate increase in net is confidently looked forward to in the full 1929 year. The company controls an important shipbuilding and repair plant and owns a large sulphur dome now leased to the

Texas Gulf Sulphur Co., which latter is expected to make important contributions to future income. While we would hardly select the stock as being on the bargain counter at existing quotations, we are optimistic regarding the company's long term future and are confident patient shareholders will be amply rewarded. We would counsel continued retention of present holdings.

R. H. MACY

I contemplate buying 20 shares of Macy common in anticipation of the record-breaking sales that are likely to be reported during the coming Fall and Christmas seasons. The recent acquisition of Bamberger also seems to be a favorable factor that has not been fully discounted. Would you recommend making this commitment around current levels—240?—M. H. K., Peekskill, N. Y.

R. H. Macy in its present form is a successor to a business originally established in 1858 and now ranks as one of the leading department stores in New York City. The distinguishing policy of the company is that sales are on a cash basis, resulting in relatively higher profit margins and rapid turnovers. Sales have shown an impressive expansion over a long term of years, the $35,828,000 volume recorded in 1919 comparing with the $90,251,000 reported last year. Income has shown a corresponding expansion, results last year being equal to about $6.86 a share on the basis of present capitalization, with estimates of approximately $7.50 a share in the full 1929 fiscal year. There seems no serious bar to future substantial expansion, both in scope of operations and earning power and operations of the newly acquired L. Bamberger & Co. organization under the aggressive merchandising policy of Macy should serve to make important contributions to future income accounts. The shares seem favorably priced when compared to representative merchandising company issues, and we do not hesitate to lend our endorsement to proposed commitments.

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Trade Tendencies

(*Continued from page 944*)

output will be justified. At any rate, it is safe to say that production totals for the current year will be substantially above those for 1928.

The current outlook for consuming industries is spotted. While demand for structural steel seems to be expanding and fair Fall rail inquiry is reported, automobile and railroad equipment requirements are tinged with uncertainties. Pipe buying for small lines is good; but the projected Texas-Chicago line has been shunted and will probably not be developed this year.

Nevertheless, the higher levels of steel production seem to be buttressed by steadily growing consumption. Requirements of the principal consumers are increasing yearly and new uses are continually being found for the metal. From this it would appear that the heavy output regularly maintained this year is a fairly accurate measure of steady demand and, since there is no reason for price to weaken, steel companies may be expected to continue recently increased earnings.

SHOES AND LEATHER

Hides and Shoes Strong; Leather Weak

The leather industry was one of the few major industries to register a loss in net profits for the first half year. This loss was due to a sharp break in hides and leather prices from the April, 1928, peak; to top heavy stocks; and to severe competition of duty free imports. There is reason to believe, however, that the lowest point of the major cycle has been reached and that the upswing is in progress. Low visible cattle supply, decreased slaughter, lighter stocks and rising hide prices make it probable that hide interests will be able to realize a substantial recovery in the latter part of this year. But leather, while showing some improvement, is suffering too severely from foreign competition to be in a sound position. At present, importations of calf leathers amount to over 41% of United States production capacity. Moreover, it is said that the estimated decline of about 30% in domestic calf and kip output during the 1923-1929 period is brought about chiefly by these heavy imports. Of course, an imposed tariff would improve the situation, but in view of the fact that any duty on plain leathers is not included in the present draft of

the impending tariff bill and considering the current attitude of the administration, it seems unlikely that there will be legislative aid for the industry this year. Apart from this aspect, profit margins are fairly narrow now and any price raise might see further cramping. Therefore, while brisker buying by shoe manufacturers should enable tanners to raise total profits to some extent, general conditions do not appear to warrant optimism.

The third phase of this group, shoes, is improving its status. During the first six months this year, narrowed profit margins were not made up, in all cases, by increased volume. Recent months, however, have seen commendable increases in sales and production. Heavy production economies have been put into effect, and with Fall buying promising to continue at the present heavy rate, the outlook is for increased earnings by the better companies.

SHIPPING AND SHIPBUILDING

Long Term Outlook Favorable

Following a long period of depression and readjustment, American shipping and shipbuilding face the best prospects for peace time expansion and improvement they have witnessed since the introduction of the steamship. The chief factor in this recovery will be the transfer of shipping control from the government to private interests; for, in this country at least, government monopolies have not been as well managed nor as extensively developed as have our great private enterprises. Also, a tendency toward removal by legislation of some of the handicaps to domestic shipping is distinctly in evidence. Moreover, United States participation in the world race to build faster and more efficient vessels will act as a stimulus to our ship construction.

These preceding factors, however, point to hypothetical results. There is more concrete evidence of improving position. The amount of our foreign trade carried in domestic bottoms is steadily, if somewhat slowly, expanding. Likewise, intercoastal and coastwise shipping is increasing rather more rapidly. These gains, combined with heavy replacement demand, have resulted in the largest ship construction bookings recorded this year than for any period since 1920, and the prospect is for maintained activity.

However, handicapped as they are with excess world tonnage, low cargo rates and the comparatively high costs of American construction, shipping interests can only expect the recovery to be slow, even though they are aided by government construction loans and substantial mail contracts. Thus, while a satisfactory position seems eventually assured, it will probably be several years before soundly financed American companies will pay adequate dividends.

Chicago, Rock Island & Pacific

(Continued from page 921)

age capacity. Older units have been retired and approximately 8,600 new freight cars were acquired while 1,660 units were rebuilt. Although the number of locomotives, during the period discussed, decreased from 1,605 to 1,475, the average tractive effort per unit rose from 32,848 pounds to 38,278 pounds, an increase of 19.6%.

Financial Position

From last reports, Rock Island is shown in a favorable financial position. Current assets totaled $23,772,097 and current liabilities were $14,396,080. Cash totaled $7,361,228 and compares with $6,349,652 as of December 31st, 1922, an increase of $1,012,576.

Capitalization consists of $271,703,835 of bonds and $129,549,489 of stock. The former comprised approximately 68% of the total securities outstanding. Interest on the company's funded debt is outstanding at the annual rate of 4.26%, a fairly low figure. On deducting $24,286,000 of equipment obligations, mortgage debt per mile was outstanding at the rate of $32,700 per mile of road which is also fairly low. The most important obligation now outstanding is the first and refunding mortgage, maturing in 1934. The total amount of bonds under this mortgage outstanding in the hands of the public was $105,472,000 as of December 31st, 1928.

The fact that so large an amount of obligations mature within five years, is of considerable importance. Rock Island's credit has improved materially in recent years, a factor which should enable the company to utilize common stock as a medium of future financing. This should undoubtedly find reflection in a better balanced capital structure, in the event that common stock be sold. At present, stock amounts to 32% of the capitalization. There is an issue of $25,127,300 6% preferred stock and there is also outstanding $29,422,189 of 7% preferred stock. Common stock outstanding totals $75,000,000. Dividends on the junior issue were inaugurated at the rate of 5% annually in 1927; in 1928, the company paid 6% and the present rate which was inaugurated at the begin-

251 Points Net Profit

on 23 Common Stocks

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	Recommended		Closed Out			
	Date	Price	Date	Price	Gain	Loss
American Rolling Mill	3/12	91¼	4/11	114¼	23	
Erie	3/26	67⅛	7/2	80⅛	13	
Air Reduction	4/2	101¼	4/24	112½	11¼	
Best	4/9	80¾	4/30	91¼	10½	
Servel	4/16	18¾	*	19	¼	
Patino Mines	4/23	38¾	8/23	42	3¼	
Stromberg Carburetor	4/23	84¾	5/20	109¾	25	
Public Service of N. J.	5/7	89	6/21	104	15	
Int'l Printing Ink	5/21	48	8/23	55½	7½	
Mack Trucks	5/28	93	7/2	101	8	
Best	6/4	83	6/21	90½	7½	
Westvaco Chlorine	6/11	68½	9/12	85½	17	
Gillette Safety Razor	6/14	107¾	7/12	114¼	6½	
Kelsey-Hayes Wheel	6/21	50	*	45¼		4¾
Pacific Lighting	6/28	89¾	7/26	109	19¼	
American Rolling Mill	7/2	115	7/12	133	18	
Newton Steel	7/12	110	*	105		5
National Bellas Hess	7/18	46¾	*	41½		5¼
N. Y., Chicago & St. Louis	7/26	158	9/4	184½	26½	
Intenational Tel. & Tel.	8/2	111	8/26	147	36	
American Rolling Mill	8/9	122	*	144½	22½	
Paramount Famous Lasky	8/16	72	*	70¼		1¾
Vacuum Oil	8/29	126	*	123¾		2¼
*Open September 9, 1929.					270	19

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The above record is all the more remarkable when we consider the drastic market breaks sustained in March, May and August. We estimate that a capital of $2,500 would have been sufficient to carry 10 shares of each of the 23 common stocks recommended on a margin of about 40%. The actual and paper profits—on a 10 share basis—would amount to $2,510 or over 100% profit in slightly more than six months.

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ning of the current year is 7% annually. The following table reflects the earnings on the common stock:

Year	Per Share
1923	$ 1.28
1924	4.36
1925	4.54
1926	10.62
1927	12.12
1928	12.91

Rock Island is now an efficiently operated property; its traffic position appears satisfactory and through its present alignment with the St. Louis-San Francisco Railway System, its position is undoubtedly stronger. Of first importance is the fact that the valuation of the company's property devoted to transportation is high, and regardless of any other consideration, Rock Island should be able to earn substantially more than it is currently reporting without subject to recapture. As the outlook is favorable, the company should be able to handle any large increase in business with but a proportionately small increase in expenses. The current quotation of $140 per share does not by any means discount the possibilities this carrier has before it.

Automatic Reinvestment

(*Continued from page* 939)

The prospective investor in regular stock dividend paying corporations should first study the situation and satisfy himself that the expansion needs of the corporation justify the continuous reinvestment of earnings. He should inspect the annual earnings over the past five years to determine whether the trend is definitely upward. The balance sheet should be scanned to see whether current assets exceed current liabilities by a safe margin. The comparative balance sheet over the past few years should be examined also in order to reveal changes in the corporation's investments, in plant, equipment, inventories, and so forth, resulting from reinvestment of earnings. The character of the management, the financial backing as evidenced by the composition of the Board of Directors, the general outlook for the corporation's products and its competitive situation, are other factors which should be weighed by the investor. As in all forms of investment diversification between the shares of the leading stock dividend paying companies should be emphasized in the interest of safety.

With securities selected on this basis the investor's income reinvestment

problem is settled for many years to come. Only annual inspection of holdings is necessary in order to weed out stocks of corporations whose position in the field has weakened during the year. The value of the investor's holdings will grow and represent the combined results of automatic reinvestment of income and appreciation in value of shares due to the growth of corporation's earnings. Such a program should have considerable appeal to young men who are usually less concerned with size of income from securities than with the problem of buildnig an estate, to parents who wish to accumulate a fund for their children's education, and to others who are seeking the advantages of compounded interest with relief from the problem of conservation and investment of income.

In conclusion, as has been suggested by these check points, there are pitfalls for the unwary in this plan, but so are there in almost every financial set-up. No investment can safely be made with eyes shut. The advantages of the plan are so obvious both from the standpoint of company and investor, that two developments are foreshadowed. The increase in the use of the plan by companies of the very highest standards and reputation. The increase in the use of the plan by promotors of the very lowest type. Accordingly due diligence is more than ever advisable.

Niagara Hudson Power Corp.

(*Continued from page* 923)

394 class "B" option warrants. Of the common stock outstanding 2,000,000 shares were issued for a consideration of $50,000,000 together with options to purchase at any time from December 1st, 1929, to December 1st, 1934, 2,250,000 units consisting of one share of common and 1/3 class "A" warrant.

Company Has Tremendous Possibilities

Organized as recently as June of this year, Niagara Hudson has not yet issued an earning statement. Last year, however, the three constituent companies, i.e., Buffalo, Niagara & Eastern, Mohawk Hudson Power, and Northeastern Power showed an aggregate gross of $78,629,810 not including the extraordinary profit of the last of these companies through the sale of its New England Power Association holdings. Net earnings available for the common stocks of these companies was $11,850,606. Natural growth of the properties this year should increase the

earnings, with gross revenues estimated at close to $90,000,000, and net at $16,350,000 all of which will accrue to Niagara Hudson Power through ownership of the common stocks of the three constituent companies. This is equivalent to 65 cents a share on Niagara Hudson common stock and allowing 6% on the $50,000,000 cash raised by the new company, earnings are estimated at approximately 71 cents per share.

Niagara Hudson common stock is currently selling for about 25 on the New York Curb Exchange, which price is 35 times the estimated earnings. The class "A" warrants are quoted at about 8½ while the class "B" warrants are about 19. With reference to the class "B" warrants, as quoted on the New York Curb, 3½ of these are necessary which together with payment of $50 entitle the holder to 3½ shares of common stock.

The future possibilities of Niagara Hudson Power Corp. are indeed large. The territory is one of the richest and most densely populated in the country and offers tremendous possibilities for further development, with the potentialities of the St. Lawrence hydro-electric project looming in the distance. For long pull holding, the common stock of this enterprise appears to be in an attractive position.

Important Dividend Announcements

Note—To obtain a dividend directly from the company the stockholder must have his stock transferred to his name before the date of the closing of the company's books.

Ann'l Rate		Amount Declared		Stock Record	Pay-able
Stk	American Chicle	15%	Stk	9-25	....
Stk	Am. Comm'lth Pr. A.	1/40A	Stk	10-1	10-15
Stk	Am. Comm'lth Pr. B.	1/40A	Stk	10-1	10-15
$2.00	Am. Roll. Mills, com.	$.50	Q	9-30	10-15
3.00	Am. St'l F'dries com.	.75	Q	10-1	10-15
3.00	Beech-Nut Pack. com.	.75	Q	9-15	10-10
2.00	Bush Term'l Co. com.	.50	Q	9-27	11-1
Stk	Bush Term'l Co. com.	1½%	Q	9-27	11-1
2.00	Cent. Alloy Steel com.	.50	Q	9-25	10-10
1.00	Crown Zellerbach com.	.25	Q	9-30	10-15
5.00	Goodyear T. & R. com.	1.25	Q	10-1	11-1
Stk	Hayes Body stock..:	2%	Q	9-25	10-1
2.40	Illinois Brick	.60	Q	10-3	10-15
5.00	Inter. Business Mach.	1.25	Q	9-21	10-10
2.50	Inter. Harvester com.	.62½	Q	9-25	10-15
3 00	Johns-Manville com...	.75	Q	9-24	10-15
6.00	National Biscuit com.	1.50	Q	9-27	10-15
3.00	National Cash Reg. A	.75	Q	9-30	10-15
.30	Nipissing Mines	.07½	Q	9-30	10-31
5.00	Northern Pac. Ry...	1.25	Q	9-30	11-1
2.40	Paramount Cab	.60	Q	9-21	10-2
1.75	Richfield Oil pfd....	.43¾	Q	10-5	11-1
Stk	Rio Grande Oil stk...	1½%	SA	10-5	10-25
6.00	St. L., San Fran. pfd.	1.50	Q	10-1	11-1
3.00	Safeway Stores com..	.75	Q	9-20	10-1
Stk	Sears, Roebuck Co. stk	1%	Q	10-15	11-1
2.00	Spalding, A. G., com.	.50	Q	9-28	10-15
1.40	Tobacco Prod. com...	.35	Q	9-25	10-15
1.20	Truscon Steel com....	.30	Q	9-26	10-15
.60	United Lt. & Pr. new com. A	.15	Q	10-15	11-1
.60	United Lt. & Pr. new com. B	.15	Q	10-15	11-1
1.50	Waldorf System com.	.37½	Q	9-20	10-1
3.00	White Rock Mineral Spring com.	.75	Q	9-20	10-1
3.00	Wrigley, Wm., Jr....	.25	M	9-20	10-1

New York Curb Market

IMPORTANT ISSUES

Quotations as of 9-12-29

Name and Dividend	1929 Price Range High	1929 Price Range Low	Recent Price
Aluminum Co. of Amer......	539½	136	450
Aluminum Pfd. (6)..........	108¼	103½	107½
Amer. Cyanamid "B" (1.60)	69½	39½	67½
Amer. Gas Elec. (1)‡.......	224⅞	128	210⅛
Amer. Super Power†.........	71¼	25⅝	61⅞
Assoc. Gas Elec. "A" (2.40)	72	49⅛	68¾
Centrif. Pipe (0.60)*........	13	7	8¾
Cities Service (.30)†........	53¾	28⅛	53¾
Cities Service Pfd. (6)†.....	98¾	93½	95
Cons. Gas of Balt. (3).....	160	88⅛	136⅛
Consolidated Laundries	21	15	15
Durant Motors†	20	7⅝	8
Elec. Bond Share (6-B).....	186¾	73	173¾
Elect. Investors† (6% B)...	302⅞	77½	271
Ford Motors of Canada (A).	69¼	39¼	42
Ford Motors, Ltd...........	21⅞	15	17¼
General Baking*	10⅞	6¼	6½
General Baking Pfd. (6)*...	79⅛	66	67⅝
Glen Alden Coal (10)†......	139	118½	125
Gulf Oil (1.5)†..............	209	142⅛	200
Happiness Candy St. (1.40 B)	5⅜	2	2½
Hecla Mining (1)...........	23⅞	16	17
Hygrade Food Products.....	49⅞	29	30⅛
International Utilities B....	22⅞	14½	18⅛
Insur. Securities Inc. (1.40).	33	25	29⅝
Lion Oil Refining (2)*......	38⅞	23⅛	33
Lone Star Gas (2)..........	58¼	32¼	57⅛
Metro Chain Stores.........	89	70	82
Mountain Producers (1.60)†..	22⅞	11⅛	12½
National Fuel Gas (1)......	43⅞	24¾	38½
New Mex. & Arizona Land†	9⅜	5½	5⅞
New Jersey Zinc (new) (3).	87¾	75⅜	84½
Nipissing Mining (30c)*.....	3¾	2	2⅜
Pittsburgh & Lake Erie (5).	156⅞	135⅛	146⅜
Salt Creek Producers (2)†..	25⅞	13	14½
So'east Pwr. & Lt. (4).....	138	71½	121
Stutz Motors*	34	12	13⅛
Tobacco Products Export†...	3⅜	1⅞	1⅞
Transcontinental Air Trans..	33⅝	19¾	22⅝
Trans Lux	24	5⅜	11½
Tubize Artif. Silk† (10)....	550	305	385
Tung-Sol (2)	49⅜	42	45
United Gas & Improv't (4½)	299⅜	155⅛	277⅞
U. S. Gypsum (1.60).......	90⅝	56	87
STANDARD OIL STOCKS			
Continental Oil	29	16⅞	19⅞
Humble Oil (2)†............	128	89⅝	121⅛
International Pet. (37½)....	30⅜	22½	28
Ohio Oil (2¼)..............	77⅞	64⅛	79
Standard Oil of Ind. (2½)†	63	51½	56¼
Vacuum Oil (4)†............	133¾	105½	124½

* Listed in the regular way.
† Admitted to unlisted trading privileges.
‡ Application made for full listing.
B—Payable in stock.

CURB prices were generally stronger during the past fortnight with some irregularity developing in the latter half of this period. Oil stocks were in better demand, under the stimulous of a rather spirited movement of the Standard Oil shares on the Big Board.

General Realty & Utility

The idea of diversity in financial operations has been carried to an unusual degree in the case of *General Realty & Utility,* organized this year for the purpose of engaging in real estate operations and acquiring public utility securities along the lines of an investment trust. The company is excellently represented in both these fields with prominent real estate and utility financiers among the officers and board of directors. The factor of management is particularly interesting to prospective stockholders in a security situation of this general character, because the ultimate return to the investors is largely dependent on the judgment of the management in their financial operations.

The company has acquired two and a quarter acres of land in lower Manhattan for the purpose of erecting a residential sky-scraper on this site which immediately adjoins the huge structures of New York's financial district. Another site with 100 foot front on Park Avenue, at 54th street has been acquired for a future large scale realty project in this exclusive section and in addition the company is erecting at present a large office building in Boston. In its real estate operations the company will be affiliated and hold an interest in the Tishman Realty & Construction Co. and the Thompson-Starrett Co., Inc.

In order to carry out its operations on a large scale both in the real estate field and in its operations as a public utility investment trust, the company is capitalized at 42 million dollars. At present its outstanding capitalization consists of a million and a half shares of common stock and 300,000 shares of $6 cumulative preferred stock, both of which are traded on the New York Curb Market. The common is paying no dividend and sells at around 38, while the preferred which pays $6 and with warrants attached for the purchase of common sells currently at around 117. For quicker speculative prospects the common shares are recommended, for the more conservative investor, the preferred pays a return of over 5 per cent, and through the warrants entitles the holder to buy two shares of common stock at $10 a share from 1931 to 1935 inclusive.

Things to Think About

A PROMINENT public utility company has recently created an innovation by issuing a convertible bond on which interest is payable in cash or common stock at the option of the holder. How much additional bait must be added to bonds before the public takes them up again?

* * *

ALTHOUGH if the blue chip class of common stocks gains many new members, 2 and 3% yields will be so common that bonds will look highly desirable on their relatively attractive basis of return.

* * *

SOVIET RUSSIA needs watches and alarm clocks so badly that she recently purchased two complete American clock factories to be reconstructed in Moscow. Not a bad solution of our problem of what to do with obsolete and excess factory faclities. Maybe a little advertising would sell more. Or if Europe will not go to the trouble of moving them over there we might let them operate here. Only recently the makers of the English Austin car came over and bought an idle plant in Pennsylvania from which they plan to produce the car that will out-Ford our markets—if it isn't itself swept off the map by the new 200-pounder that is to come, garage and all, from the mail order house.

* * *

SPLIT-UPS are splendid from the viewpoint of broadened ownership and more moderately priced units, but they frequently increase the dividend obligation, narrow the dividend margin and make per share earnings appear weak. A little business adversity might make aglunation more popular than splitting. We are going deeper into that subject in an early issue.

* * *

INVESTIGATION reveals as many different attitudes on the market prospect among the various managers of the investment trusts as might be found among the same number of private individuals. There is perhaps a decided element of strength for the market itself in the diversity of view. Certainly under such conditions the trusts will not all sell simultaneously on possible reactions any more than their buying operations take off from the same point.

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The books, booklets, circulars and special letters listed below have been prepared with the utmost care by business houses of the highest standard. They will be sent free on request, direct from the issuing houses.

PLEASE ASK FOR THEM IN NUMERICAL ORDER

We urge our readers to take full advantage of the service. Address, Keep Posted Department, Magazine of Wall Street, 42 Broadway, New York City.

THE FERRO ENAMELING COMPANY

A circular describing the financial structure of this company with special reference to the Class A shares, listed on the New York Curb Exchange, has been prepared by Charles D. Robbins & Co., members New York Stock Exchange, and a complimentary copy will be forwarded upon request. (604)

AMERICAN RADIATOR & STANDARD SANITARY CORPORATION

The position of the Common Stock and the development of the Corporation is described in an interesting circular prepared by Millett, Roe & Co., members New York Stock Exchange, and they will be pleased to forward to you a complimentary copy. (605).

ATLANTIC AND PACIFIC INTERNATIONAL CORPORATION

Net earnings of the Corporation applicable to the Class A Common Stock for twelve months prior to June 30, 1929, on the average number of shares outstanding during the period was considerably in excess of $4 per share. The investment position of the Common Stock "A" of this Corporation is discussed in an interesting circular (606). Copy on request.

AN INVESTMENT TRUST INTERNATIONAL IN SCOPE

The executives of the Atlantic and Pacific International Corporation have been chosen for their practical experience, their ability, and their judgment of investments. A circular giving list of officers and latest financial report will be sent upon request. (607).

HOLOPHANE COMPANY, INC.

A circular on the common stock of this company, who manufactures scientific illuminating equipment used by airways, airports, factories, office buildings, power plants, stores and railroads, has been prepared by Jackson & Curtis, and your complimentary copy is awaiting your request. (608).

BREESE AIRCRAFT CORPORATION STOCK

is recommended by the firm of Madden, Tracy Company in a descriptive circular showing estimated earnings for next twelve months of $3.50 per share, now being offered at $15.50. Send for free copy. (609).

INVESTMENT TRUSTS

An analytical review of investment trusts will be mailed upon request by Edwin Weisl & Co., members New York Stock Exchange. (610).

JENKINS TELEVISION

It is predicted that television radio sets will be in homes this Fall. What are the financial possibilities? Send for 611 without obligation.

AMERICAN UTILITIES & GENERAL CORPORATION

Preferred and Class B Stock Units are recommended for purchase by G. E. Barrett & Co. The Corporation is an investment trust of the management type which realized net profits of $755,914 for the six months ended August 15, 1929. Full information will be sent upon request. (612).

THE APEX ELECTRICAL MANUFACTURING CO. COMMON STOCK

listed on the New York Curb Market, is analyzed in a circular prepared by Middleton, Worthington & Co., Inc. Send for 613.

NORTH AMERICAN TRUST SHARES

the largest investment trust of the fixed type, issues quarter-units, half-units and full units of 2,000 shares, which may be converted into cash through the Guaranty Trust Company of New York, trustee. Recommended for investment by Lee, Stewart & Co., Inc., and fully described in circular 614.

KARI-KEEN MANUFACTURING CO.

The merits of the Class B Stock are discussed in a special circular prepared by Mark I. Adams. Send for your free copy. (520).

Bank, Insurance and Investment Trust Stocks

Quotations as of Recent Date

NATIONAL BANKS	Bid	Asked
Bank of America, N. A. (4.50)	225	227
Chase (4)	230	233
Chatham & Phenix (20)	790	800
Chemical	123	126
City (4A)	448	453
Commerce	895	915
First (N. Y.) (100A)	8100	8200
Public (new) (4)	266	270
Seaboard (16)	995	1010
TRUST COMPANIES		
Irving Trust (1.60)	74	76
Bankers (new) (3)	193	196
Bank of N. Y. & Trust Co. (20)	920	946
Brooklyn (30)	1150	1165
Central Hanover (6)	435	445
Empire (16) (new)	122	126
Equitable (12)	682	689
Guaranty (20)	1020	1030
Manufacturers (6)	278	283
New York (new) (5)	385	392
United States Trust (70)	4150	4300
STATE BANKS (NEW YORK)		
Corn Exchange (20)	231	235
Manhattan Co. (16)	930	940
State (18)	...	...
United States	186	189
INSURANCE COMPANIES		
Aetna Fire (20)	790	800
Aetna Life (12)	1385	1410
Fidelity-Phenix (2)	120	120½
Continental (1.60)	50	52
Glens Falls (1.60)	65	70
Globe & Rutgers (24)	1550	...
Great American (1.60)	46	48
Hanover (1)	81	83
Hartford Fire (24)*	1060	1080
Home (20)	660	670
Carolina (1.40)	42	45
National Fire (2)*	90	95
Niagara (4)	240	250
North River (8.50)*	455	470
United States Fire (2.40)	110	114
Stuyvesant (8)	450	460
Travelers (24)*	1840	1860
Westchester (2.15)*	82	85
SURETY AND MORTGAGE COMPANIES		
American Surety (6)	130	135
National Surety (10)	124	125
Lawyers Mortgage (2.80)	56	58
Mortgage Bond (8)	193	203
JOINT STOCK LAND BANKS		
Chicago	5	10
Dallas (8)	95	100
Des Moines	4	8
First Carolina	12	15
Lincoln (4)	35	42
Southern Minnesota	2	5
Virginia (B)	½	1⅛
INVESTMENT TRUST SHARES		
American Founders Trust com.	122	124
Do 6% Pfd.	44	47
Do 7% Pfd.	49¼	52¼
Diversified Trustees Shares	32½	33¼
Do Series B	26¼	27⅛
Fixed Trust Shares	27⅛	27⅞
Insuranshares, B 1928	22	23⅛
Interl. Sec. Corp. of Amer., B	31	34
Do A	58½	61⅛
Do 6% Pfd.	85	89
No. American Tr. Shares	11⅞	12⅜
Oil Shares, Inc. (units)	...	62
Second Intl. Securities A	50	54
Do 6% Pfd.	40½	43⅛
Shawmut Bank	52	54
U. S. & British Internl. A	32½	35¼
U. S. Shares, Series A-1	13½	15

(A) Including div. wherever paid by Securities Companies in some cases. (B) Par $5. * Including extras. (X) Ex-rights.

BANK and insurance stocks developed a strong market for the late summer, and in spite of the large speculative following that has come into the market, the financial shares were not seriously affected by the irregularity in stock exchange stocks. The buying demand for the bank stocks continues to be sustained on the expectancy of further capital changes, higher earnings for the leading metropolitan banks during 1929 and dividend increases, some of which have recently been announced.

The present upward swing is having good leadership. *First National* passed through the 8,000 mark for the second time this year, and other advances of from 25 to 100 points or more were recorded by the shares of some of the larger local institutions during the last weeks of August and the early weeks of September. The directors of Chase National Bank voted to place the new $20 par stock on a $4 annual basis, which compares with a dividend equal to $3.60 on the old stock. A dividend charge of about 21 million dollars per annum is represented in this new rate. *Seaboard* declared an extra dividend of $5 a share in addition to the regular quarterly dividend of $4 a share.

The tendency toward concentration of banking resources is swinging westward. The "chain banking" idea is again the basis for gathering together a large number of western institutions, as seen in the announcement of the formation of the First Bank Stock Corp. of St. Paul and Minneapolis. This holding company will assume operation of a centralized system of some 34 northwestern banks in Minneapolis, the Dakotas and Montana with aggregate resources of over 340 million dollars.

The insurance stocks likewise are enjoying a strong market. Under the leadership of *Home* which made a gain of about 75 points on this move, practically all of the stocks in the Home Group were stronger and a good deal of buying interest was stimulated for shares of other fire companies. These companies are issuing reports that indicate continued growth in business and earnings. A typical example is the June 30th statement recently issued by Hartford Fire Insurance Co. which showed a gain of over 33% in surplus, an increase of 8.4% in assets and a corresponding gain in earnings.

Recent Reported Earning Position of Leading Companies

This department serves to provide a current record of earnings reported by leading companies. Each issue covers only those reports which are received during the fortnight immediately preceding. Net worth is calculated from the latest available balance sheet; and earnings thereon serve to measure the profit position of the company in relation to its stockholders' investment. The ratio of debt to net worth indicates, by a percentage figure, the extent of bondholders' claims as compared to stockholders' equity.

Industrials

Company	Period of Report	Earned per Dollar of Net Worth	Ratio of Debt to Net Worth	Earned per Share of Common	Market Value Sept. 9, 1929, Times Earnings	Dividend Rate
Albany Perfected Wrapping Paper	Year	.08	85	.61	29.9	—
American Cyanamid	Year	.06	16	1.56-AB	42.4	1.60
Amer. Safety Razor	6 mos.	.05	ND	3.37(b)	10.3(g)	4(a)
Burroughs Adding Machine	6 mos.	.14	ND	1.05	34.6(g)	.80
Butterick Co.	6 mos.	.03	25	2.08	9.1(g)	—
Byers (A. M.) & Co.	9 mos.	.08	ND	3.90	26.7(g)	—
Coca-Cola	6 mos.	.14	ND	4.99	14.9(g)	4
Consol. Film Industries	8 mos.	.19	1(m)	2.28	7.1(g)	2
Federated Metals	6 mos.	.06	36	2.50	7.5(g)	—
Glidden Co.	9 mos.	.08	2	2.76	16.7(g)	2(a)
Grant (W. T.)	6 mos.	.06	ND	1.54	43.5(g)	1
Keystone Steel & Wire	Year	NR	NR	5.52	7.0	3
Kinney (G. R.), Inc.	6 mos.	.04	16	1.03	20.4(g)	1(a)
Kolster Radio Corp.	6 mos.	NR	NR	.90(x)	15.8(g)	—
McKesson & Robbins	6 mos.	NR	NR	1.50	15.3(g)	2
Mexican Petroleum	6 mos.	.02	1	4.48(b)	25.3(g)	12
Pan Amer. Petroleum	6 mos.	NR	NR	1.16	27.5(g)	—
Oppenheim, Collins & Co.	Year	.16	ND	7.09	10.1	5
Shubert Theatres Corp.	Year	.10	153(m)	5.05	9.0	5
Sparks Withington	Year	.48	ND	3.67	18.7	—
U. S. Freight	6 mos.	.08	6(m)	2.40	24.8(g)	3
Universal Leaf Tobacco	Year	.10	ND	7.28	10.3	3
Virginia-Carolina Chemical	Year	.04	ND	0	—	—
Warren Foundry & Pipe	6 mos.	.01	11	.53	16.0(g)	—

Railroads

Company	Period of Report	Earned per Dollar of Net Worth	Ratio of Debt to Net Worth	Earned per Share of Common	Market Value Sept. 9, 1929, Times Earnings	Dividend Rate
Buffalo, Rochester & Pittsburgh	6 mos.	.02	150	3.29	14.8(g)	4
Delaware & Hudson	6 mos.	.03	54	6.26	17.4(g)	9
Reading Co.	6 mos.	.03	46	4.70	14.9(g)	4
Southern Railway	7 mos.	.03	100	6.57	14.0(g)	8

Public Utilities

Company	Period of Report	Earned per Dollar of Net Worth	Ratio of Debt to Net Worth	Earned per Share of Common	Market Value Sept. 9, 1929, Times Earnings	Dividend Rate
Brooklyn Manhattan Transit	Year	.08	179	6.52	9.6	4
Commonwealth & Southern	12 mos.	.03	ND	.71	32.7	5%(e)
United Light & Power	12 mos.	.11	391	1.76-AB	29.5-A	.60

(a) And extra. (b) Before taxes. (e) Payable in stock. (g) Based on estimated yearly earnings as indicated by period reported. (m) Including mortgages. (x) Before issue of preferred stock. ND No funded debt. NM Negligible. NR Unavailable.

MARKET STATISTICS

	N. Y. Times 40 Bonds	Dow, Jones Avgs. 20 Indus.	Dow, Jones Avgs. 20 Rails.	N. Y. Times 50 Stocks High	N. Y. Times 50 Stocks Low	Sales
Thursday, August 29	85.92	376.18	187.36	302.42	298.04	3,476,140
Friday, August 30	85.83	380.33	188.76	304.80	299.93	4,571,960
Saturday, August 31		HOLIDAY — EXCHANGE CLOSED				
Monday, September 2						
Tuesday, September 3	85.84	381.17	189.11	307.78	302.45	4,438,910
Wednesday, September 4	85.90	379.61	187.52	307.79	301.53	4,691,960
Thursday, September 5	85.83	369.77	184.51	307.44	296.95	5,565,280
Friday, September 6	85.89	376.29	188.44	306.48	299.58	5,122,610
Saturday, September 7	85.90	377.56	186.61	308.15	304.08	2,593,400
Monday, September 9	85.91	374.93	185.32	307.74	300.13	4,860,010
Tuesday, September 10	85.83	367.29	182.93	304.18	296.96	4,520,630
Wednesday, September 11	85.74	370.91	183.18	303.12	297.07	4,793,470

Speed

(Continued from page 912)

ness velocity that advertising enhances, new enterprises spring up full grown in a day and declare handsome dividends in a year. An old company sees its ways become antique and its days numbered, but suddenly takes on new life by a flash of the genius of management and is transformed into a vital organization in an entirely new field. Express companies, ousted by war and government, reappear from the scenes as leading actors in the drama of trust investing. Shipbuilders left high and dry by the recession of shipbuilding think straightly, act quickly and appear as builders and erectors of heavy machinery.

Small tradesmen, mechanics, and other individuals on their own, blow up their old sinking enterprises and jump onto the train of progress and grab a new and better job or business—or perish unmourned and unsung.

In the old days opportunity hung round a man like flies around a molasses barrel. Now they whiz by like cannon projectiles. They are hooked in a flash or they are gone forever. But there are more coming.

All this amazing, even terrifying, transformation and translation may be deplorable. It may not make life any pleasanter or deeply better. We may even feel that it means a thinner, harder, narrower life of the spirit and heart, but we cannot separate ourselves from it without material disaster. The velocity of the age masters us. Most of us like it. We acquire energy by expending it. We live keenly.

The investor no longer stifles in his sluggish wealth but finds that to the old "game" of acquiring money by industry and saving he now adds as fully a zestful one of keeping or increasing it in the change and flux of darting values. Retirement has ceased to be dull and indolent, if easeful. The investor has become an economist instead of a note-shaver. He watches—and must watch—the whole flow of business life of the city, the nation and the world. Nothing in the political or economic life of mankind is without interest to him. He must be on the *qui vive* to translate the remotest happenings into terms of his own affairs. To advance to survive, he must be alert and quick as a snapped spring. Life is action—quick, sure, decisive.

For Feature Articles to Appear in the Next Issue
See Page 901

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We urge our readers to take full advantage of the service. Address, Keep Posted Department, Magazine of Wall Street, 42 Broadway, New York City.

MAKING MONEY IN STOCKS

If you are interested in the stock market you will enjoy reading the recent book published by the Investment Research Bureau. It describes in detail the Bureau's Financial Service, and will be mailed to you free upon request together with current stock market and special reports. (425).

41 Representative Trusts With Assets Over 10 Million

(Continued from page 911)

	Approximate Capital	Investment of Organizers, Sponsors, Directors, etc. Cash	Proportion	Compensation of Organizers Common Stock	Options	Compensation of Management
SELECTED INDUSTRIES, Inc. Dec., 1928	$100,500,000	$20,000,000	20%	2,770,000 shs. 66% +	0	304,000 shs. of com. reserved for future subscription.
For about 20% of investment, organizers would have received about 66% + of com. stock.						
SHENANDOAH CORP. Inc. July, 1929	$164,500,000	$113,000,000	70%	4,750,000 shs. com. 750,000 shs. conv. pfd.	0	0
Assuming conversion of all pfd., sponsor cos. would have contributed some 70% of the capital and received 5,875,000 out of 8,375,000 shs. of com. stock, or a little over 70%.						
STANDARD INVESTING CORP. Inc. Jan., 1927	$10,000,000	$1,500,000	15%	100,000 shs. 70%	0	0
Assuming exercise of warrants at minimum of $30, capital would be increased to $11,200,000 and proportion of organizers reduced to 13.4% and com. to 54%. Understood that large part of convertible pfd. with com. was sold, reducing investment and holdings of com. of organizers. Also stated that repurchases of com. had been made.						
STERLING SECURITIES CORP. Inc. Feb., 1928	$16,000,000	First year's expenses about $100,000.		200,000 shs. Class "B" stock 75% of "B" com. 26% of "A" and "B" com. or if 4 shs. of Class "B" are considered equivalent to one sh. of Class "A" (due to deferred dividend), about 11.6% of "A" and "B" com.	0	1/48 of 1% per month on market value of securities owned paid to Scudder, Stevens & Clark.
Upon issuance of authorized "A" and "B" shs., organizers' and management's original "B" holdings (which possess multiple voting power) will be about 20% of total com., as authorized "A" shs. exceed authorized "B" shs. by a little over 4 to 1 and receive ¾ (after $.84 is paid) of dividends to ¼ of dividends paid on "B" shs.						
TRI-CONTINENTAL CORP. Inc. Jan., 1929	$50,000,000	......	....	.... Underwriting $3,000,000	575,000 shs. of com. at $27 from Dec. 31, 1930, to Dec. 31, 1943. 57.50% of outstanding com.	0
Organizers sold $25,000,000 of 6% pfd. at $104 per share with warrants to buy 250,000 shs. of com. at $27 per sh. from 12/31/29 or earlier at option of management to 12/31/43 and 1,000,000 shs. of com. at $27. Assuming exercise of all options at minimum of $27 each—new capitalization would be $72,475,000, of which organizers (if still owners) would have invested $15,525,000, or 21.4% and have received 31.5% of com.						
UNITED FOUNDERS CORP. Inc. Jan., 1929	$50,000,000 (June, 1929)	$1,000,000	2%	1,000,000 "A" shs., 100% "A" Stock, 16⅔% of authorized "A" and com. shs. Underwriting ——	0	0
Amounts for divs. to be divided between the two classes of stocks in the proportions contributed to the capital and surplus by holders of each class respectively, such proportions to be distributed pro rata among holders of each class. In liquidation, assets are to be distributed in same proportion.						
UNITED STATES & BRITISH INTERNAT. CORP. Inc. Jan., 1928	$16,700,000	$646,000 (apparently)	4% (indicated)	5000 "A" com., 169,200 "B" com., 36% of com.	0	American Founders Corp. receives ¾ of 1% annually on first $10,000,000 (deducting investment in Trans-Oceanic Trust, Ltd., which pays ¾ of 1% on first £500,000 of resources and ½ of 1% on balance) and ½ of 1% annually on balance in excess of $10,000,000.
UNITED STATES & FOREIGN SECURITIES CORP. Inc. Oct., 1924	$30,000,000	$5,000,000	16⅔%	750,000 shs. 75%. Underwriting $1,000,000.	0	0
Organizers sold 250,000 shs. of first pfd. with 250,000 shs. of com. in form of allotment certificates at $100 per certificate, final installment of which was paid Nov. 1, 1927.						
UNITED STATES & INTERNATIONAL SECURITIES CORP. Inc. Oct., 1928	$58,000,000	$10,000,000	17.26%	2,000,000 shs. 80%. 100,000 shs. 2nd pfd. Underwriting $2,000,000.	0	0
Organizers offered 500,000 shs. of first pfd. with 500,000 shs. of com. at $100 per allotment certificate, final payment due at least 9 months after delivery on first installment. U. S. and Foreign securities purchased for $10,000,000, 100,000 shs. of second pfd. and 2,000,000 shs. of com.						
UTILITY AND INDUSTRIAL CORP. Inc. Feb., 1929	$32,750,000	......	....	0 Underwriting fee $2,250,000.	To purchase 1,000,000 shs. of com. at $17.50 to Feb. 1, 1944.	Contract with H. M. Byllesby & Co. to provide management for 15 years without compensation.
Organizers offered 700,000 shs. of pfd. stock (convertible share for share into com. to Feb. 4, 1944) at $25 and 1,000,000 com. shs. at $17.50. On conversion of preferred and exercise of options, organizers (assuming ownership still intact) will have contributed $17,500,000, or about 35% of capital and received 37% of the com.						
UTILITY EQUITIES CORP. Inc. Nov., 1928	$22,000,000	$5,500,000	25%	330,000 shs. 66⅔%. Underwriting about $1,000,000.	To purchase 330,000 shs. of com. at $20 per sh. at any time.	0
Organizers sold 165,000 shs. of $5.50 pfd. (convertible) with 165,000 shs. of com. at $100 per unit, and subscribed to 333,000 shs. of com. for $5,500,000, or $16⅔ per share. Each sh. of pfd. is convertible into three shs. of com. Assuming conversion of pfd. and exercise of options, organizers would have contributed $12,100,000 to the $28,600,000 of capital, or about 42.3% and received 660,000 shares of the 1,320,000 com. shs. outstanding, or 50%.						
UNGERLEIDER FINANCIAL CORP. Inc. May, 1929	$25,000,000	$2,500,000	10%	50,000 shs., 10%	0	20% of net profits every year that realized net profits exceeding 8% on capital and surplus, and when such payment shall not reduce net profits below this 8%. See Goldman-Sachs Trading Corp. for effect of similar arrangement.

How to Select An Investment Trust

(Continued from page 909)

sales literature and they should be carried in the balance sheet as a part of the capitalization, or shown in note on the same page. An arrangement having some of the characteristics of the option is the division of the common stocks into A and B shares, one group, usually the B shares being owned by the management and having a deferred dividend status.

Selling Expense

The amount of the underwriting fee, or the expense of selling the investment companies securities is an index of value both as to the attitude of the organizers toward the public and of the attitude of the public toward the organizers. Several of the larger companies have secured subscriptions ranging over 10 million dollars without charging any such fee, or being put to any material selling expense. Bankers of other companies have received only nominal sums to cover expenses and salesmen's commissions. Others have nearly reached the limit of 10 per cent of the capital raised. An underwriting or selling cost of not over 5 per cent for large scale enterprises is reasonable. For less well-known and smaller undertakings, the legitimate expense of organization and selling may run somewhat higher. The charge for underwriting or selling expense, however important though it may be, is of less significance than the powers of the investment company under its charter and its policy. Here, there is wide variation. The first outstanding American investment trust organized on the typical Scottish plan was quite rigidly restricted as to type and amount of any one security that it could purchase. Its policy was primarily one of diversification of risk by purchasing a wide assortment of recognized, good, marketable securities in various markets, putting not over 1¾ per cent of its funds in issues of any one corporation or issuer not a government. Many subsequently organized trusts followed this example, frequently binding themselves not to acquire control of any company, or seek participation in the managament of any company whose shares were purchased.

A list of 15 such stocks shows a range in price over liquidating calue from minus 1½ per cent to over 300 per cent. Shares of an investment company, or seek participation in the management of any company whose shares were purchased.

As larger interests, more experienced and confident, became interested in the movement, such restrictions began to disappear and many recent investment companies possesses almost unlimited powers of disposal of their funds for minority or majority stockholdings, for underwriting and syndicate participations and even for real estate or commodity purchases. The emphasis in these later cases, where the broad powers of a holding company are obtained, is upon highly skilled, experienced financial management rather than upon a broadly diversified list of good investments. Several trusts in the public utility field particularly are holding companies, which through subsidiaries supervise utility properties, and even in some cases engage in construction, real estate development or underwriting and financing. Obviously, the profit opportunities of such organizations are much greater than those of a strictly investment company as also, perhaps, are the risks incurred.

Value of Common Stock

A word should be said about the relative advantage of investment companies that issue preferred stocks and bonds and those capitalized with common stock only. Peculiar advantages have been claimed for the former. These are mainly illusory, as the latter type normally enjoys a proportional credit line with its bank to take advantage of special opportunities, and when a transaction is closed can retire the loan until again needed. In other words, its buying power is not restricted to its common share capitalization.

The real difficulty is in determining wisely the fair price of an investment company common stock. The intangible factor of the public's estimate of the management causes wide variations of market price in relation to liquidating value and to earnings, if any. Where common stocks are being sold continuously, as is the practice of some companies, it is obvious that the market value should not range very much over the true asset value. Incorporated Investors sells its stock in this manner at 5 per cent above the liquidating value and the price hovers around that figure. Its liquidating share value and the price with it have steadily mounted, but there is no intangible element in the price. If the company suddenly ceased the sale of stock, the price could be expected to rise promptly to a higher figure, the difference representing the "value of managment" factor. In cases where sale of stock is in blocks and the management popular, the price can and does double with little or no change in liquidating value.

A list of 15 such stocks shows a range in price over liquidating value from minus 1½ per cent to over 300 per cent. Shares of an investment company capitalized with common stock only and earning 10 per cent net on invested capital might be fairly priced at 40 per cent to 50 per cent in excess of share liquidating value. If the past record of the management indicates that it can average 20 per cent or more on its funds, a price of 150 per cent to 200 per cent above the liquidating value might be reasonable. It seems probable that the best investment company stocks will eventually sell as high in proportion to earnings and asset value as the best bank stocks which they most resemble, minus the double liability feature. To evaluate an investment trust common stock, preceded by bonds or preferred stock, a simple rule is to add 30 per cent to 100 per cent, or more, depending upon one's estimate of the management's worth, to the liquidating value of the investment company's total assets. Then deduct the paid in, or redemption value of the bonds and preferred stock, divide the result by the number of outstanding common shares and compare with the market price and earnings, if any, available per common shares.

Relation of Price to Earnings

Very few, if any, American investment companies have a sufficiently long earning record to develop a stable price earnings ratio. In any event, the nature of the business is such that huge and quick profits may be made in any year, almost at any time, by the more aggressive companies of the holding company type, while others investing largely in bonds and preferred stocks and active in trading to advantage may also have unusually profitable years. This renders an appraisal of such common stocks difficult on an earning basis alone. Such a comparative appraisal is especially difficult at present and of little value owing to the frequent capital changes, new issues, exercise of options, inadequate information, different methods of presenting figures and even varying methods of calculating earnings practiced by different companies, or even by the same company.

Nevertheless, the investment company is here to stay, to grow and to become an increasingly influential factor in the security markets not only of this country, but of the whole world. Large profits are in store for some to the jubilation of their owners, while

KEEP POSTED

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The sound investment principles followed by the Brookmire Service and the adaptability of these principles to the requirements of every investor, large or small, is described briefly in this interesting booklet. (413).

others, according to precedent, will fall by the wayside. It will repay the investor many fold to give them careful and continuous study, to select and buy the shares of those whose organizers have a background of investment success and a claim to his confidence; and to pass by those floated for sales profits or for the sake of being in style. It is a time to look before leaping, but it is also a time to leap, for opportunities are thronging now in this field that will make history.

Concentration in Amusement Field Affords Profit Opportunities

(Continued from page 917)

The problem of advancing costs was an important one even before the advent of talking pictures, but since that time an enormous increase in production costs has occurred. Not only does the equipment to produce them incur heavy expenditures but the personnel necessary to make them does so likewise. The increase in costs is estimated between 30 and 35 per cent. While this is being offset in the meantime by an increase in attendance of more than 30 per cent with a corresponding gain in film rentals, nevertheless the soundest economic policy would be to keep costs down as low as possible. The solution to the problem is being sought through economies effected by large scale operation and by mergers of the various concerns in the industry into larger units.

While nothing definite has yet been announced concerning mergers of the large motion picture companies, from present indications it appears that two large companies or groups will evolve which will dominate the industry. The one group will be a merger of the Fox enterprises—which include Fox Film Corp., Fox Theatres, Inc., Loew's, Inc., Fox Metropolitan Theatres, Metro-Goldwyn-Mayer and Fox Case Corp. The first step toward this consolidation is seen in the increase in the capitalization from 1,000,000 to 5,000,000 shares voted by the board of directors on September 11th of this year. Fox Theatres already controls Loew's, Inc., a deal negotiated in the early part of the year. Although already closely allied, a consolidation of these companies would undoubtedly result in important economies. If all or some of these companies are combined, the holding company will probably be Fox Film Corp. and an exchange of shares will probably be the method.

The other dominant group will very likely embrace Warner Brothers Pictures, Inc., Paramount Famous Lasky Corp., and possibly Radio Keith Orpheum Corp. The deal between Paramount and Warner has already been consummated and efforts are now being directed toward bringing into the picture to form a triangular combine Radio Corporation of America rather than only Radio Keith Orpheum in which it has a large interest. The outcome of this latter step is still problematical, and if realized, it is not definitely known whether Radio Corp. will dominate the combined group of companies.

These merger projects are as yet not commonly recognized and attractive possibilities are open to the shrewd investor. For even discounting the mergers themselves the shares of the companies involved can be credited with distinctly promising prospects. Earnings of several of the large companies have shown important increases this year over the corresponding period last year, and further gains are in prospect. At current quotations, Warner Brothers, Paramount, Loew's and For Film all appear conservatively priced in relation to earnings, and in view of the excellent outlook for the industry may experience substantial price appreciation. Both Radio and Radio Keith Orpheum must be considered more speculative in character, although their potentialties for higher values cannot be ignored.

Texas Gulf Sulphur

(Continued from page 928)

in the first six-month period of 1928.

Notwithstanding the outlays entailed by the development work above discussed, working capital at the close of 1928 remained practically unchanged at 14.32 million dollars, or slightly more than that shown at the close of 1926. Incidentally, the two million or so tons of sulphur held above ground are included in an inventory account of 7.89 million dollars whereas this asset has an approximate probable market value in excess of 35 millions.

On the basis of the current $4 dividend, Texas Gulf Sulphur yields around 5.6%. As an issue of the speculative order, the stock would appear to have attractive possibilities at present levels under 70.

Correction

In the September 7th issue page 837 the yield on Cities Service common was given as 0.59%. This should have read 6.59%.

Building and Loan Associations

We will be glad to answer questions regarding Building & Loan Associations, provided that the information available on the association under consideration is sufficiently complete to warrant an opinion. Address, Building & Loan Ass'n Department, c/o The Magazine of Wall Street, 42 Broadway, New York City.

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Texas

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Issued upon payment of $500 and up in multiples of $100.—Dividends payable in cash or may accumulate and compound semi-annually.

Established 1916. Dividends distributed to shareholders, more than $4,000,000.

Write for full information and financial statement.

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The "Reliance" pays you 8% interest, compounded semi-annually, on both lump sum investments and regular monthly savings accounts.

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8% and safety

This Company has the proud record of not having lost a dollar. It has always paid 8 per cent dividends, payable 2 per cent quarterly; does not employ solicitors nor charge a membership or withdrawal fee. All shares are non-assessable, sold and redeemed at par, plus declared dividends. Note our steady growth:

April 5, 1921, $0.00
March 31, 1922, $147,608.20
March 31, 1923, $272,463.58
March 31, 1924, $500,130.44
March 31, 1925, $750,097.74
March 31, 1926, $1,208,168.28
March 31, 1927, $1,557,991.60
March 31, 1928, $2,116,982.70
March 31, 1929, $2,735,050.05
Jun. 30, 1929, $2,904,521.54

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Home Building & Loan Company
Authorized Capital $5,000,000.00
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All funds secured by first mortgages on Louisville and Jefferson County real estate. This Association has always paid withdrawals on demand.
This Association is under the supervision of the State Banking Commissioner.

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Financial Notices

Dividends and Interest

Household Finance Corporation

Dividend Notice

The Board of Directors of Household Finance Corporation, at a meeting held September 7, 1929, declared the regular quarterly dividend of 75c per share, and an extra quarterly dividend of 10c per share, on the Participating Preference Stock of the corporation, both payable on October 15, 1929, to stockholders of record at the close of business October 1, 1929. The transfer books will not be closed.

Checks in payment of dividends will be mailed by First Union Trust & Savings Bank of Chicago, Illinois, the Dividend Disbursing Agent.

FRED HUETTMANN,
Treasurer.

Associated Gas and Electric Company

Dividend No. 19 on Class A Stock

The Board of Directors has declared the regular quarterly dividend on the Class A Stock payable November 1, 1929, in Class A Stock at the rate of 1/40th of one share of Class A Stock for each share held of record at the close of business September 30, 1929.

On the basis of the current market price for the Class A Stock of about $69 per share, this dividend yields a return of about $6.90 per share per annum.

Scrip for fractional shares will not be delivered, but will be credited to the stockholder's account until a full share has accumulated. Stockholders can purchase sufficient additional scrip to complete full shares.

Payment in stock will be made to all stockholders entitled thereto who do not, on or before October 15, 1929, request payment in cash.

M. C. O'KEEFFE, Secretary.

September 12, 1929.

SOUTHERN RAILWAY COMPANY

New York, September 12, 1929.

PREFERRED STOCK

A dividend of one and one-quarter per cent. (1¼%) on the Preferred Stock of Southern Railway Company has been declared payable on October 15, 1929, to stockholders of record at the close of business September 23, 1929.

COMMON STOCK

A dividend of two per cent. (2%) on the Common Stock of Southern Railway Company has been declared payable on November 1, 1929, to stockholders of record at the close of business October 1, 1929.

Cheques in payment of these dividends will be mailed to all stockholders of record at their addresses as they appear on the books of the Company unless otherwise instructed in writing.

C. E. A. McCARTHY, Secretary.

CLUETT, PEABODY & CO., INC.

PREFERRED STOCK DIVIDEND No. 67

The Board of Directors has declared a quarterly dividend of one dollar and seventy-five cents per share on the Preferred Stock of the Company payable October 1, 1929, to Stockholders of record at the close of business September 20, 1929. Checks will be mailed by the Irving Trust Company of New York.

Troy, N. Y
Sept. 4, 1929.

D. A. GILLESPIE,
Treasurer.

Dividends and Interest

West Penn Power Company

NOTICE OF DIVIDENDS

The Board of Directors has declared quarterly dividend No. 55 of one and three-quarters per cent. (1¾%) upon the 7% Cumulative Preferred Stock, and quarterly dividend No. 16 of one and one-half per cent. (1½%) upon the 6% Cumulative Preferred Stock of West Penn Power Company, for the quarter ending October 31, 1929, both payable November 1, 1929, to stockholders of record at the close of business on October 5, 1929.

G. E. MURRIE, *Secretary.*

INTERNATIONAL PAPER AND POWER COMPANY

Boston, Mass., Sept. 11th, 1929.

The Board of Directors declared a regular quarterly dividend of one and three-quarters per cent (1¾%) on the Cumulative 7% Preferred Stock of this Company, and a regular quarterly dividend of one and one-half per cent (1½%) on the Cumulative 6% Preferred Stock of this Company, for the current quarter, payable Oct. 15th, 1929, to holders of record at the close of business Sept. 25th, 1929.

Checks to be mailed. Transfer books will not close.

R. G. LADD, Assistant Treasurer.

AIR REDUCTION CO., INC.

342 Madison Ave., New York.

September 11, 1929.

DIVIDEND NO. 50

The Board of Directors of this Company has declared the regular quarterly dividend of $.75 per share and an extra dividend of $1.50 per share on the capital stock of the Company, payable October 15, 1929, to stockholders of record September 30, 1929.

R. B. DAVIDSON, Secretary.

The Bell Telephone Company of Canada

Notice of Dividend

A dividend of two per cent (2%) has been declared payable on the 15th October, 1929, to stockholders of record at the close of business on the 23rd September, 1929.

W. H. Black,
Secretary-Treasurer.

Montreal, 28th August, 1929.

UNITED VERDE EXTENSION MINING COMPANY

233 Broadway, New York, N. Y.

Dividend No. 54. September 11, 1929.

A dividend of One Dollar per share on the outstanding capital stock has been declared, payable November 1st, 1929, to stockholders of record at the close of business October 2nd, 1929. Stock transfer books do not close.

C. P. SANDS, *Treasurer.*

UNDERWOOD ELLIOTT FISHER COMPANY

A dividend of $1.75 a share on the Preferred Stock, a dividend of $1.75 a share on the Series B Preferred Stock and a dividend of $1.00 a share on the Common Stock of Underwood Elliott Fisher Company will be payable September 30, 1929, to stockholders of record at the close of business September 12, 1929.

C. S. DUNCAN, Treasurer.

Dividends and Interest

PACIFIC GAS AND ELECTRIC CO.

DIVIDEND NOTICE

Common Stock Dividend No. 55

A regular quarterly cash dividend for the three months' period ending September 30, 1929, equal to 2% of its par value (being at the rate of 8% per annum), will be paid upon the Common Capital Stock of this Company by check on October 15, 1929, to shareholders of record at the close of business on September 30, 1929. The Transfer Books will not be closed.

D. H. FOOTE, *Secretary-Treasurer.*

San Francisco, California.

Peoples Gas Dividend

The Peoples Gas Light and Coke Company (of Chicago)

The Directors of The Peoples Gas Light and Coke Company have declared a quarterly dividend of two (2) per cent on the capital stock of this Company, being at the rate of eight (8) per cent per annum, payable out of the surplus earnings of the Company to stockholders of record at the close of business on the 3rd day of October, 1929, said dividend to be payable on the 17th day of October, 1929.

A. L. TOSSELL, Secretary.

INTERNATIONAL TELEPHONE AND TELEGRAPH CORPORATION

New York, September 12, 1929.

The Directors of the International Telephone and Telegraph Corporation, at their meeting September 12, 1929, authorized the regular quarterly dividend of $.50 per share on the capital stock of the Corporation, payable October 15, 1929, to stockholders of record September 20, 1929.

H. B. ORDE, *Treasurer.*

The Western Union Telegraph Company

New York, September 10, 1929.

DIVIDEND No. 242

A dividend of TWO PER CENT. on the Capital Stock of this Company has been declared payable on the 15th day of October next, to stockholders of record at the close of business on the 25th day of September, 1929.

The transfer books will remain open.

G. K. HUNTINGTON, Treasurer.

AMERICAN TYPE FOUNDERS COMPANY

Jersey City, N. J., Sept. 11, 1929

A quarterly dividend (No. 110) of one and three-quarters per cent on the Preferred Stock and a quarterly dividend (No. 127) of two per cent on the Common Stock have this day been declared payable October 15, 1929, to stockholders of record at the close of business October 5, 1929. Checks mailed by The Bank of America, Transfer Agent, 44 Wall Street, New York City.

WALTER S. MARDER, Secretary

Phillips Petroleum Company

120 Broadway, N. Y. C.

The Regular quarterly dividend of 37½ cents per share has been declared on the Capital Stock of the Company payable October 2, 1929, to stockholders of record September 16, 1929.

O. K. WING, Treasurer.

To Presidents:—

Create Investor Confidence by Advertising Your Dividend Notices in The Magazine of Wall Street

Financial Notices

Dividends and Interest

THE UNITED LIGHT AND POWER COMPANY

BANKERS BUILDING
CHICAGO, ILLINOIS

The Board of Directors of The United Light and Power Company has declared the following dividends on the stocks of the Company:

A quarterly dividend of $1.50 per share on the $6 Cumulative Convertible First Preferred Stock, payable October 1st, 1929, to stockholders of record at the close of business September 16th, 1929.

A dividend of 75¢ per share on *old* Class "A" and Class "B" Common Stocks, payable November 1st, 1929, to stockholders of record at the close of business October 15th, 1929.

A dividend of 15¢ per share on *new* Class "A" and Class "B" Common Stocks, payable November 1st, 1929, to stockholders of record at the close of business October 15th, 1929.

Stock transfer books will not be closed.

L. H. HEINKE, Secretary.

Chicago, September 5th, 1929.

a.c.f.

AMERICAN CAR AND FOUNDRY COMPANY

PREFERRED DIVIDEND No. 122
COMMON DIVIDEND No. 108

There have been this day declared a dividend of one and three-quarters percent (1¾%) on the Preferred Stock and a dividend of One and One-Half Dollars ($1.50) per share on the Common Stock without par value, of this Company, payable Tuesday, October 1, 1929, to stockholders of record at the close of business Monday, September 16, 1929.

Checks will be mailed to stockholders by the Guaranty Trust Company of New York.

G. R. SCANLAND, *Vice-President.*
H. C. WICK, *Secretary.*

New York, September 4, 1929.

The American Rolling Mill Co.

Middletown, Ohio

The Board of Directors of The American Rolling Mill Company on June 7th, 1929 declared the regular quarterly dividend of 50c per share on the Common Stock of the Company payable October 15th, 1929 to Stockholders of record as of September 30, 1929.

W. D. VORHIS,
Secretary

Warren Brothers Company

PREFERRED STOCK DIVIDEND NO. 110

Dividends of one and one-half per cent (1½%) on the First Preferred Stock and one and three-quarters per cent (1¾%) on the Second Preferred Stock of this Company have been declared for the quarter ending September 30, 1929, payable on October 1, 1929, to stockholders of record at the close of business September 16, 1929.

E. SUTCLIFFE, Treasurer.

Warren Brothers Company

COMMON STOCK DIVIDEND

A quarterly dividend of One Dollar ($1.00) per share has been declared on the Common Stock of this Company, payable on October 1, 1929, to stockholders of record at the close of business September 16, 1929.

E. SUTCLIFFE, Treasurer.

THE NEW YORK CENTRAL RAILROAD CO.

New York, September 11, 1929.

A Dividend of Two Dollars ($2.00) per share on the capital stock of this Company has been declared payable November 1, 1929, at the Office of the General Treasurer, to stockholders of record at the close of business September 27, 1929.

H. G. SNELLING, General Treasurer.

Dividends and Interest

Public Service Corporation of New Jersey

Dividend No. 89 on Common Stock
Dividend No. 43 on 8% Cumulative Preferred Stock
Dividend No. 27 on 7% Cumulative Preferred Stock
Dividend No. 5 on $5.00 Cumulative Preferred Stock

The Board of Directors of Public Service Corporation of New Jersey has declared dividends at the rate of 8% per annum on the 8% Cumulative Preferred Stock, being $2.00 per share; at the rate of 7% per annum on the 7% Cumulative Preferred Stock, being $1.75 per share; at the rate of $5.00 per annum on the non par value Cumulative Preferred Stock, being $1.25 per share, and 65 cents per share on the non par value Common Stock for the quarter ending September 30, 1929. All dividends are payable September 30, 1929, to stockholders of record at the close of business September 6, 1929.

Dividends on 6% Cumulative Preferred Stock are payable on the last day of each month.

T. W. Van Middlesworth, Treasurer.

Public Service Electric and Gas Company

Dividend No. 21 on 7% Cumulative Preferred Stock
Dividend No. 19 on 6% Cumulative Preferred Stock

The Board of Directors of Public Service Electric and Gas Company has declared the regular quarterly dividend on the 7% and 6% Preferred Stock of that Company. Dividends are payable September 30, 1929, to stockholders of record at the close of business September 6, 1929.

T. W. Van Middlesworth, Treasurer.

TELEGRAMS · CABLEGRAMS · RADIOGRAMS

POSTAL TELEGRAPH AND CABLE CORPORATION

New York, September 5, 1929.

The Directors of the Postal Telegraph and Cable Corporation at their meeting September 5, 1929, authorized the regular quarterly dividend of 1¾% on the 7% Non-Cumulative Preferred Stock, payable October 1, 1929, to Stockholders of record September 13, 1929.

E. de C. JAMES, Treasurer.

AMERICAN TELEPHONE AND TELEGRAPH COMPANY

160th Dividend

BELL SYSTEM

THE regular quarterly dividend of Two Dollars and Twenty-Five Cents ($2.25) per share will be paid on October 15, 1929, to stockholders of record at the close of business on September 20, 1929.

H. BLAIR-SMITH, Treasurer.

LOEW'S INCORPORATED

"Theatres Everywhere"

September 6th, 1929.

At a meeting of the Board of Directors of this Company, held on September 3rd, 1929, a quarterly dividend of 50c per share on the outstanding common stock of this company was declared, payable September 30th, 1929, to stockholders of record at the close of business September 13th, 1929.

DAVID BERNSTEIN,
Vice President & Treasurer.

Dividends and Interest

NCCA
ORGANIZATION

National Cash Credit Ass'n

National Cash Credit Association
Preferred Stock Divided No. 26

The regular quarterly dividend of Fifteen Cents (15c) per share and an extra dividend of Twenty Cents (20c) per share and a stock dividend of Three One-Hundredths (3/100) of one share has been declared on the Preferred stock of the Association, payable on October 1, 1929, to stockholders of record September 9, 1929.

OSCAR NELSON, Treasurer.

National Cash Credit Association
Common Stock Divided No. 26

The regular quarterly dividend of Twenty Cents (20c) per share and a stock dividend of Three One-Hundredths (3/100) of one share has been declared on the Common Stock of the Association, payable October 1, 1929, to stockholders of record September 9, 1929.

OSCAR NELSON, Treasurer.

Note: Stock originally issued after July 1, 1929, will receive a pro rata dividend according to resolution.

Kentucky Cash Credit Corporation
Preferred Stock Dividend No. 14

The regular quarterly dividend of Fifteen Cents (15c) per share and an extra dividend of Fifteen Cents (15c) per share has been declared on the Preferred Stock of the Corporation, payable September 25, 1929, to stockholders of record on September 9, 1929.

OSCAR NELSON, Treasurer.

Kentucky Cash Credit Corporation
Common Stock Dividend No. 14

The regular quarterly dividend of Fifteen Cents (15c) per share has been declared on the Common Stock of the Corporation, payable September 25, 1929, to stockholders of record September 9, 1929.

OSCAR NELSON, Treasurer.

Maryland Cash Credit Corporation
Preferred Stock Dividend No. 13

The regular quarterly dividend of Fifteen Cents (15c) per share and an extra dividend of Fifteen Cents (15c) per share has been declared on the Preferred Stock of the Corporation, payable September 25, 1929, to stockholders of record September 9, 1929.

OSCAR NELSON, Treasurer.

Maryland Cash Credit Corporation
Common Stock Dividend No. 13

The regular quarterly dividend of Fifteen Cents (15c) per share had been declared on the Common Stock of the Corporation, payable September 25, 1929, to stockholders of record September 9, 1929.

OSCAR NELSON, Treasurer.

Note: In the case of above companies stock originally issued after June 25, 1929, will receive a pro rata dividend according to resolution.

Motor Wheel Corporation

Lansing, Mich.

July 31, 1929.

The Board of Directors of the Motor Wheel Corporation has this day declared a quarterly dividend of $1.00 per share on the outstanding capital stock payable September 20th, 1929 to stockholders of record at the close of business September 5th, 1929.

A 20% stock dividend on the outstanding capital stock was also declared payable October 1st, 1929 to stockholders of record September 5th, 1929.

Transfer books will not close.

C. C. CARLTON,
Secretary

Glidden Food Products Company

becomes

DURKEE FAMOUS FOODS, INC.

The Glidden Company, through its food subsidiary, Glidden Food Products Company, has acquired during the last few months several companies manufacturing well known brands of foods.

Prominent among these is the well known firm of E. R. Durkee & Company. For seventy-four years the name of Durkee has identified the most famous line of salad dressing, spices and condiments to both the grocery trade and the consumer. It was, therefore, most logical to extend the name, Durkee, to all of the food products made by the Glidden interests and to change the name of this division of the company from Glidden Food Products Company to Durkee Famous Foods, Inc.

Additional well known products, the names of which are familiar household words, will be added to the group of Durkee famous foods just as rapidly as their sales possibilities are proven. The line will eventually embrace a very wide variety of famous grocery specialties.

This change in name becomes effective as of October 1, 1929.

DURKEE FAMOUS FOODS, INC.

Division of THE GLIDDEN COMPANY

NEW YORK CHICAGO CLEVELAND SAN FRANCISCO PORTLAND